

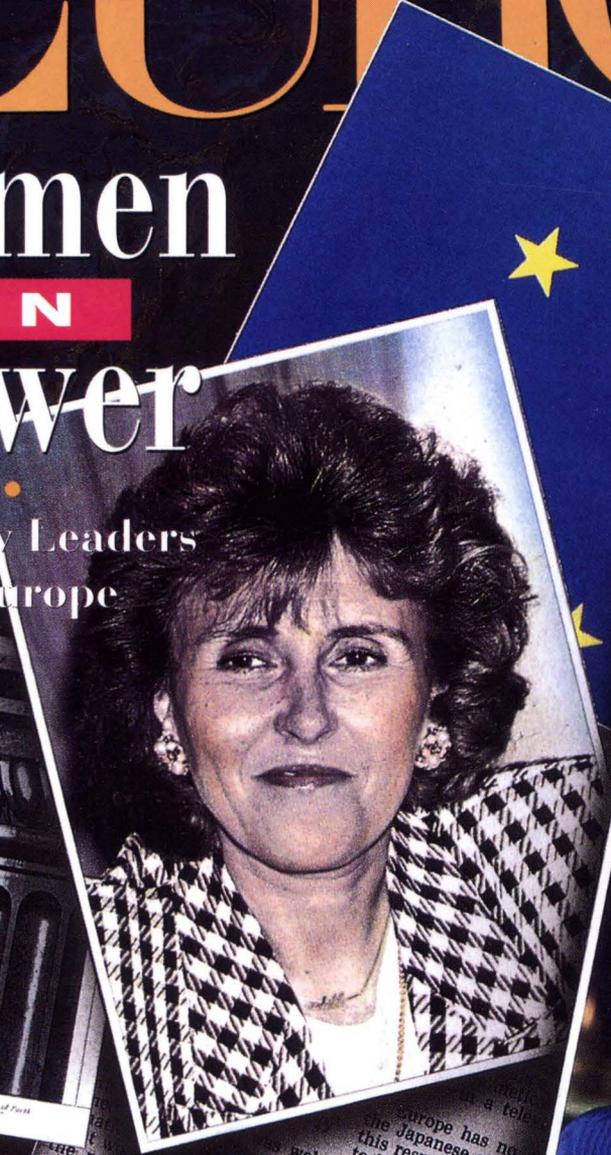
EUROPE

London
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Women **IN** Power

The New Leaders
in Europe



HELPING THE SOVIETS: GRAND BARGAIN OR GRAND ILLUSION?

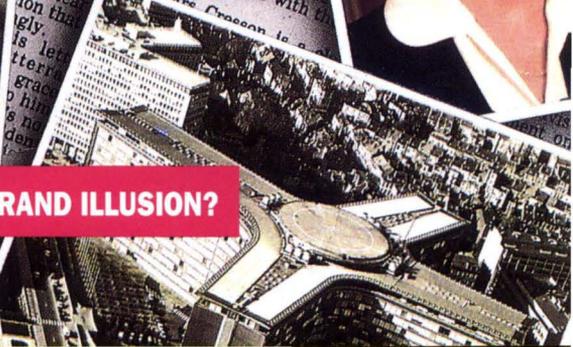
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EUROPE

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FRENCH EMBASSY

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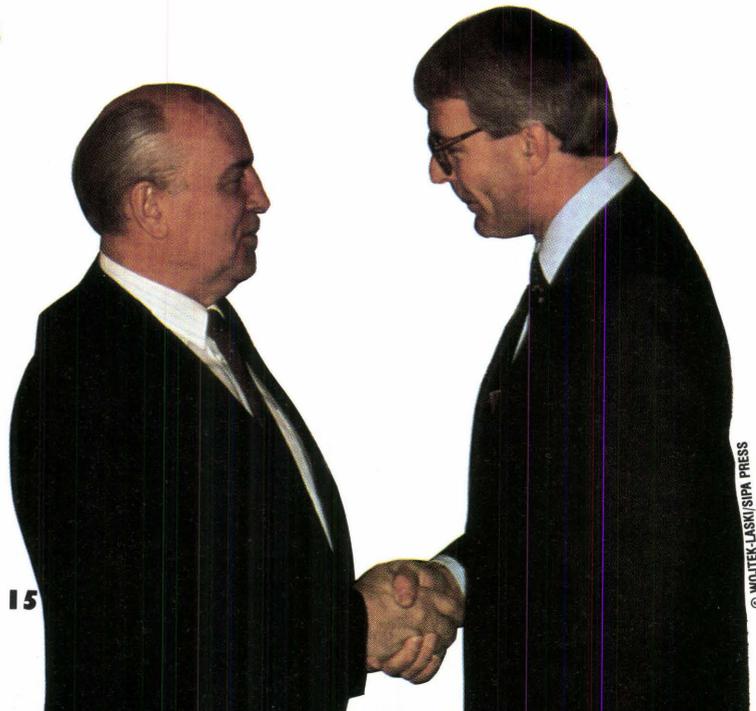
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Letter From The Editor

EDITH CRESSON'S PROMINENT

position as the new French Prime Minister highlights the fact that women are becoming influential leaders in Europe in the 1990s. Cresson is not unique in her leading political position, however. Mary Robinson was elected the first woman president in Ireland last year, Norway's Prime Minister Gro Harlem Brundtland holds that office for the third time, and Vigdís Finnbogadóttir has been the President of Iceland since 1980.

Amy Kaslow, international economics correspondent for *The Christian Science Monitor*, looks at the new role women are playing in politics and government throughout Europe in this issue's cover story. *Europe* also presents profiles of some of Europe's most influential women.

Grand Bargain or Grand Illusion? This theme will dominate the London Economic Summit. Western leaders will discuss whether or not to assist the ailing and deteriorating Soviet economy through aid and credits. Soviet President Mikhail Gorbachev will be in London immediately following the summit to present his case for receiving Western assistance.

As *Europe* points out, many are skeptical whether this aid would actually help the Soviet economy. Others, including economists who helped put together the Western aid plan at Harvard, feel that it is a "bargain" if the Soviets do move to a market economy. *Europe* presents the views of key American and European decision-makers of both sides of the Soviet assistance question.

In *Europe's* interview, David Martin, a Vice-President of the European Parliament, discusses helping the Soviet Union, a United States of Europe by the end of the decade, and progress toward political union.

The United Kingdom is becoming an active player in the European Community under Prime Minister John Major. Axel Krause of the *International Herald Tribune* analyzes the new British relationship with the European Community, while Lionel Barber, Washington correspondent for the *Financial Times*, looks at the "special relationship" between Britain and the United States. He presents some interesting recent developments in that relationship.

Europe also presents profiles of well-known British personalities, from Cameron Mackintosh, the highly successful producer of *Cats*, *Les Misérables*, and *Miss Saigon*, to British Foreign Minister Douglas Hurd, and also gives travel tips to those who might be spending the summer in the United Kingdom.

We would appreciate hearing your opinions on whether or not the West should assist the Soviet Union, or on other topics covered in this issue.



Women: Key players in 1990s Europe.
Illustration by Scott Roberts

(On the cover, clockwise from top, are: France's Prime Minister Edith Cresson, Ireland's President Mary Robinson, Iceland's President Vigdís Finnbogadóttir, Norway's Prime Minister Gro Harlem Brundtland.
Credits: Embassies of France, Ireland, Iceland, Norway.)

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EUROPE

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Reuters has contributed to news reports in this issue of *Europe*.

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EUROPEAN SCENE

Big To-do about the Tilde

A tempest is brewing in Spain over the “tilde,” that little “hat” of an accent that is sometimes perched over the letter “n”—as in “España.”

When Spain joined the E.C. in 1986, the Spanish Government, fearing an influx of imports, declared that it would only allow computer keyboards providing a key for the tilde to enter Spain. Although never strictly enforced, the law violates E.C. legislation by acting as a barrier to standardization and free trade within the Community, and the E.C. wants the restrictive “tilde legislation” removed.

Many Spaniards seemed indignant, arguing that the German “umlaut” (ü) and the French “cedille” (ç) accents are not at risk of being obliterated (conveniently forgetting that no legislation had ever been initiated to protect them, either).

Compromise is at hand, however: Spain will drop the trade restrictions if its national linguistic identity is not stripped of its centuries-old accent in the wake of a new Europe. Viva la Tilde!

FAIR PLAY TO CRICKET? — Britain's first cricketer, Prime Minister John Major, recently had to extricate himself from a diplomatic tiff of a different kind when he voted to allow women to join the Marylebone Cricket Club (MCC), England's most exclusive all-male cricket club.

The measure would have given membership to England's former women's cricket captain, Rachel Heyhoe-Flint, had it not failed by a



ILLUSTRATION BY JEM SULLIVAN

Can Artificial Trees Grow Roots?

With all the worry about the greenhouse effect, rising temperatures, and rapidly spreading deserts, Antonio Ibanez' latest invention has come just in the nick of time: The Barcelona engineer was recently awarded a patent from the Spanish Government for the world's first “artificial tree,” a contraption designed to eventually repopulate desert regions with real trees.

Ibanez' tree works on the principle that cooler ground temperatures will generate rain. The palm-like trees have polyurethane roots and perforated plastic-and-foam trunks, branches, and leaves that absorb moisture from dew and frost overnight and slowly release it during the day, thereby cooling

the surface air. Ibanez argues that a “plantation” of 30,000 “trees” would create such a substantial change in temperature that weather patterns near coastal deserts could shift significantly—and permanently. Once the cooler ground temperatures had stabilized at cooler levels and produced regular rainfall, the artificial trees could be replaced by real ones.

Ibanez' invention is catching on. He has received inquiries from around the world, and Libya has already begun a 40,000-tree pilot project. The Spanish inventor is still looking for large investors, however, who will enable mass-production of the “trees” to cover large drought-ridden areas—and pay for his work. He admits that he does want to make *some* money, but that he is also concerned that “whoever buys the tree uses it and doesn't guard it—like some secret....”

margin of almost two-to-one. It also entwined Major in a heated debate, in which he refused to bow to calls from opposition Labor politicians to resign from the club. A spokesman said in response: “Ma-

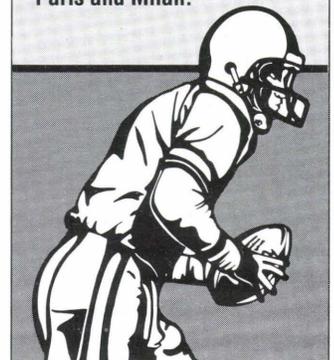
major is not leaving. He believes in getting on the inside to work to reform the organization from within.” To do that, Major had to jump a queue of 9,000 other applicants to join the MCC....

EUROPE GOES FOOTBALL CRAZY

Europeans claimed victory as the inaugural season of the World League of American Football (WLAF) ended in June. The fledgling league of seven North American and three European teams was largely dominated by the London, Barcelona, and Frankfurt teams.

Not only did the Europeans win the most games and the championship (London beat Barcelona), they also attracted the most fans—and money. The turnout of European fans at WLAF games, averaged 30,324 spectators per game (compared to 21,825 in the United States), seems to validate speculation that Europe is ripe for American football. Frankfurt Galaxy coach Jack Elway says: “I'm amazed by their vocal support and knowledge. They like a good hit and don't leave until the game is over.”

The enthusiasm seems to bode well for the next season: Tentative plans for expansion are already under way in Paris and Milan.





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WOMEN *in* EUROPE

BECOMING NEW LEADERS IN GOVERNMENT

Women political leaders are rapidly gaining ground in Europe, where the vestiges of male domination are slow to fade. Women themselves are the keenest observers of their own rise to power, offering assessments and analyses that have escaped traditional political pundits. What accounts for this marked female ascension to positions of power and influence in 1990s Europe?

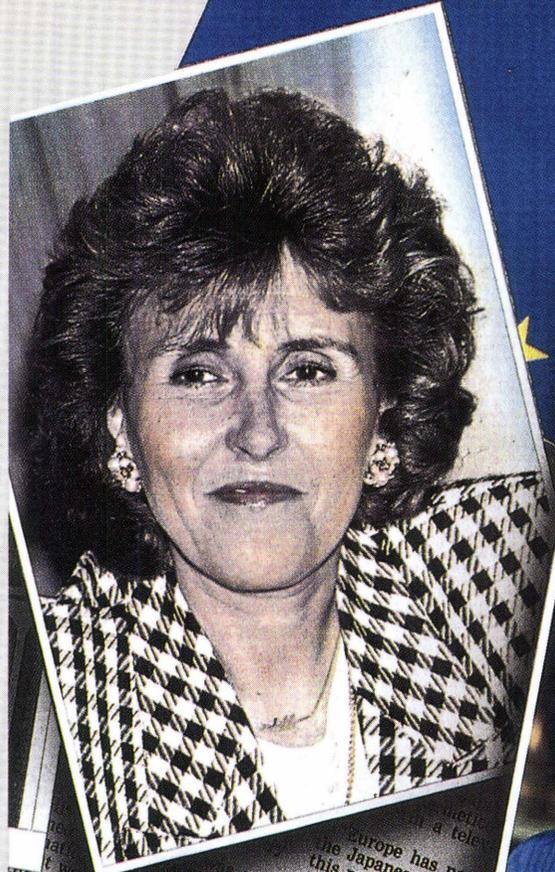
Jacqueline Grapin, Director of the European Institute in Washington, D.C., says it's a logical trend. "The whole of Europe is coming out of a period of wars between countries. Women have traditionally held a cynical approach toward nationalism and war, while their political perspectives have been more open than [those of] men. Since women don't belong to the establishment, they are fighting their way" into sexually integrated politics and are naturally embracing new ideas.

Grapin says women's greatest strength is that they are unbound by the existing order. Their very entry into politics signifies that they are breaking through and out, and helping to establish a new political order. "Old-time male politicians tend to fight to keep the old structures and the status quo," she says, while women relish the opportunities that change affords.

One such woman is Edith Cresson, whose recent appointment as French Prime Minister was hailed by senior European female politicians, such as Simone Veil, former President and current Member of the European Parliament from France, as a feminist victory.

by Amy Kaslow

Cresson as French



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But France's fiery new Prime Minister is indeed a chauvinist, albeit a genderless, European one. As soon as she assumed office, Cresson's announced goal was to be the champion of European industrial competitiveness. Cresson supports an E.C.-wide industrial policy designed to buttress European industry—particularly cars and electronics—with government expenditure. Her views are making Europe's competitors anxious about Cressonian protectionism.

From 1984-86, as Minister for Trade and Industry, Cresson campaigned for a tough interventionist industrial policy. Later, as Secretary of State for European Affairs, Cresson accused her predecessor, former Prime Minister Michel Rocard, of recoiling from industrial strategizing.

Many French industrialists admire her dogged desire to see French, and European, industry thrive. Jacques Calvet, head of Peugeot, for one, is buoyed by her stridently distrustful position toward the Japanese position on Europe's export and investment markets. And Georgia Jones Sorenson, Director of the Center for Political Leadership in Washington, D.C., says: "Cresson's protectionism and Japan-bashing are entirely consistent with the need to survive in a male-dominated environment." Appearing and acting tough go with the territory, she asserts.

Sorenson and others highlight the distinction between women who look out for their own welfare in order to succeed in a male environment, and those who actually pave the way for other women to join them in leadership ranks. Former British Prime Minister Margaret Thatcher—the quintessential Iron Lady—broke the mold of the public

perception of the male as the strong leader, and led others by her example, says Sorenson. However, Thatcher made no special efforts to promote women in her government and, even in her last cabinet, there was no female representation.

Cresson's early days of governing offer an apparent contrast. In forming her new government, she made few changes to a cabinet that has been in place since 1988. But two female ministerial appointments, new Labor Minister Martine Aubry (see sidebar), and Frédérique Bredin, Minister of Youth and Sports, are notable.

Ireland's President, Mary Robinson, emerges from a political realm still dominated by men, especially in the legislature. She gained international prominence when she won an upset victory to win the Irish presidency last year (see sidebar).

In Scandinavia, where social egalitarianism has long been a goal if not a reality, it has been easier for women to rise to the top, says Enid Schoettle, Senior Fellow at the Council on Foreign Relations and Program Director for International Organizations and Law. Women reach higher positions in Social Democratic and Labor parties than in Conservative parties, she says, stressing that the Conservative Party's Margaret Thatcher is clearly an exception.

Norway is particularly exemplary in its progressiveness toward women working in powerful government jobs. Three-time Prime Minister Gro Harlem Brundtland, whose efforts to foster environmental protectionism have won her worldwide recognition, has made an indelible impression on the complexion of Norwegian politics. Not only is the

ILLUSTRATION BY SCOTT ROBERTS

government ruled by a woman; half of her cabinet is made up of women, and the leading opposition parties are also headed by women. Norway, as well as Sweden and Germany, has passed laws geared toward equal parliamentary representation of the sexes.

The woman's traditional family environment has provided her with practical diplomatic skills and a sense of nurturing; her education and exposure outside the family have placed the highest priority on social concerns. Cresson, like other women leaders, is well-prepared for her task. Social issues dominate France's list of domestic woes: failing infrastructure, shortfalls in education, unemployment, immigration, declining pensions, and inadequate healthcare.

The example of Iceland as a progressive Scandinavian country in terms of women in politics is another case in point. Vigdís Finnbogadóttir became Iceland's first elected President in 1980, and was re-elected in 1984 and 1988. She will be up for re-election in 1992. Iceland also has a women's party, the Women's Alliance, formed in 1983. According to the *Almanac of Transatlantic Politics*, Iceland's "Women's Alliance nearly doubled its electoral strength from 5.5 percent [in 1983] to 10.1 percent in 1987. With six seats, the Women's Alliance has become a political force to be reckoned with."

The University of Maryland's Center for Political Leadership and Participation has produced an international directory detailing women's access to parliaments around the world. In Northern Europe, the numbers are the strongest. In Denmark and Sweden, for example, over one-third of the seats are held by females; in Norway, the percentage is even higher. In France, the United Kingdom, Spain, and Portugal, by contrast, the proportions are well under 10 percent.

Schoettle detects a gradual recognition among Europeans that women can also be leaders, although they may have to overcome slightly higher hurdles. Tolerance and secularism are characteristics of an ideal environment in which women leaders can emerge, she says. In countries where the connection between church and state is still strong—for example, Poland, Italy, and Spain—women may be held back longer in their traditional roles, limited to family, volunteer work, and supplemental employment.

The E.C. helps to foster women's advancement, both academic and professional, through the Women's International Studies Europe program. Last

year, feminist scholars from 11 E.C. countries founded the network of professors and students in women's studies. The E.C. has extended years of planning and support to the group. Among the work groups organized are: women's work, resources, and state policies; contemporary feminism and its strategies; and racism and discrimination in Europe's refugee and immigration policies. As tensions escalate due to migration and labor transfers, dealing with racism and discrimination is becoming increasingly important.

Burwell ponders the impact of reforms in Eastern Europe and in the Soviet Union on the plight of women in those countries. The ruthless reform process necessitates loss of benefits for Eastern European women who are products of a government that assumed responsibility for children and guaranteed a job to ensure their freedom and self-sufficiency. Now they are confronted with rampant unemployment, a collapse in social services, and confusion about just what freedom means.

This is most pronounced in eastern Germany, where the force of unification has pushed reforms—and their social costs—faster than anywhere else on the Continent. Germany's *Treuhandanstalt*, the agency charged with privatizing state-owned enterprises in eastern Germany, has been dubbed the synonym for the pain associated with these rapid changes.

Birgit Bruel, a former Economics and Finance Minister in Lower Saxony, a member of Chancellor Helmut Kohl's conservative Christian Democratic Party, and the agency's Deputy Chairwoman since last August, took over at the helm of the *Treuhand* this spring after the tragic assassination of its chairman, Detlev Rohwedder. Bruel's challenge is to close, restructure, or prop up eastern Germany's 8,000 ailing industries and at the same time try to blunt the impact of unemployment. Joblessness is fast-approaching 50 percent and more in some areas of the former communist state. Bruel's leadership in a changing business and political environment, where social concerns are paramount, appropriately reflects the future direction of women leaders in Europe. €

Amy Kaslow reports on domestic and international economics for the *Christian Science Monitor*. Her last article, "Redefining Relations with the Kremlin," appeared in *Europe's* April 1991 issue.

At 44, **Sarah Hogg** has parlayed a first-class mind and a web of connections inside Britain's Tory Establishment into the directorship of the Central Policy Unit in the Prime Minister's office. This makes her both "the new woman at Number 10" and John Major's leading adviser.

Hogg's heritage is almost a caricature of Britain's upper classes. Her father, Lord Boyd-Carpenter, was Chief Secretary to the Treasury. Her husband, Douglas Hogg, is Minister of State at the Foreign Office. Her father-in-law, Lord Hailsham, was Lord Chancellor. Her brother is Assistant Chief of the defense staff. Her great-grandfather was an Anglican bishop. Members of Parliament run in the family.

She is a former debutante who received a First Class degree at Oxford, joined *The Economist*, and subsequently became either economics or business editor at *The Sunday Times*, *The Times*, *The Independent*, and *The Daily Telegraph* (with time off for an unhappy spell as a television anchorwoman).

As a top economics writer, she both reported on and advised John Major, then Chancellor of the Exchequer. When he became Prime Minister, he called for her. Entertaining the President of Gambia at the theater at the time, she went to Number 10 during the intermission, got back for the second act, consulted her husband—and accepted.

She is variously described as "terrifyingly clever," "formidable," "pretty," "ambitious," "a master manipulator," "tough-minded," and "professional." For someone with no experience in life below the top, she is egalitarian, pragmatic, and anxious to replace the ideological rigidities of the Thatcher Era with a more caring conservatism.

In the 1980s, chains of small niche-filling shops bloomed in Britain. In the crueler 1990s, only one keeps thriving. The Body Shop, the greener-than-thou purveyor of health and beauty products, has 173 shops in Britain and 406 in 38 other countries, including the United States. Its founder and guiding genius, **Anita Roddick**, 48, is indisputably Britain's leading businesswoman.

Roddick is tiny (five-foot-two), handsome, and hyperactive, worth at least \$60

WOMEN: LEADERS IN THE NEW EUROPE

million and admitting to "an absolute fear of leisure." Born in Sussex of Italian immigrant parents who ran a café, she plunged into 1960s activism, lived in Paris, and married a would-be poet named Gordon Roddick in Reno, Nevada, when their second daughter was already on the way.

They returned to her hometown of Littlehampton and, when Gordon took off for a year to travel in South America, she opened a shop to sell creams she had made. It boomed. On his return, Gordon suggested franchising. Rapid expansion followed. Gordon is now chairman, Anita is president, and the headquarters is still in Littlehampton.

The Body Shop is a mixture of commercialism and idealism. It succeeds by selling things, from Mud Bath toiletries for children to the internationally best-selling Peppermint Foot Lotion, which no one really needs. Roddick travels the world for new and natural ingredients for her products, and her modern and high-tech shops carry many goods made by the Third World workers she meets in her incessant travels—thereby creating jobs as well.

Body Shop trucks carry anti-vivisectionist slogans, the company's products are not tested on animals, and it encourages recycling by accepting and refilling its own bottles. Roddick's employees get a half day off every week with pay to help in community projects.

Glenda Jackson's ex-husband once said in admiration that "if she'd gone into politics, she'd have been Prime Minister. If she'd taken to crime, she'd have been Jack the Ripper."

A criminal she is not, but Jackson—two-time Oscar winner, perhaps Britain's current leading lady of the theater, and a committed Socialist from her teens—is going into politics. At 55, she will run in the next election as the Labor Party candidate from the north London constituency of Hampstead and Highgate. At the time of writing, she is the favorite to win.

If she does, she says she'll leave the stage. "You can't be a part-time Member of Parliament," she says. In fact, she's never been a part-time anything.

The daughter of a Midlands bricklayer

and char lady, Jackson sold laxatives in a drugstore and joined the Labor Party at 16. Her big break in acting was as Charlotte Corday in *Marat/Sade*. Her latest role was a full-volume portrayal of *Mother Courage*, a part tailor-made for her harsh and passionate style.

No glamor girl, Jackson's beauty lies in her character. She herself accepts such descriptions as "bossy" and "masculine." Among theater folk, she is hugely admired but not necessarily loved.

While part of Labor's middle ground, which is commanded by party leader Neil Kinnock, Jackson does not mince words: Margaret Thatcher, she has said, "acted as a poultice on the boil of the worst aspects of the English national character. . . . We have been governed for 10 years by the *crème de la crème* of mediocrity." Once in the House of Commons, her voice—a potent instrument in any setting—will surely be heard.

Richard Longworth is the chief European correspondent for The Chicago Tribune, based in London, and a contributing editor to Europe.

Mary Robinson's first six months as Ireland's first woman head of state have been hectic. The former lawyer and senator has been busy putting into practice her pre-election promise to be a "working President" with special concern for the powerless and disadvantaged social groups.

Fears that Robinson's views about strengthening the role of the Presidency might lead to a clash with the Government have not been realized, and she has been careful to keep within the strict limits laid down in the Constitution for the President. Prime Minister Charles Haughey, despite the trauma caused for him and his Fianna Fail Party by the defeat of their candidate, Brian Lenihan, has established a smooth working relationship with the new President. He has even delivered on a promise to substantially increase the allowance for entertainment at the presidential residence, which had been at an inappropriate level for 20 years.

The opposition parties, however, criticized the Government recently when it was revealed that it had prevented Robinson from delivering the prestigious Dumbleby lecture on the BBC. Invited to

give the lecture on the subject of "Women in the 1990s," the Government made it clear that it regarded this lecture series as "political" in nature and therefore not suitable for the President. The opposition parties claimed that the lecture would have been an excellent occasion for the President to present Ireland in a positive way to an influential audience.

The President's photograph is rarely out of the newspapers as she fulfills an almost frenetic round of public engagements—often as many as six a day. In many cases, her public appearances are before less fortunate members of the population who supported her last year. At the same time, she has also shown a readiness to appear at many artistic and cultural events.

The President's term got off to an embarrassing start when her efforts to improve the catering and other facilities at the official residence resulted in threatened strike action by members of the staff. A satirical radio program seized on this episode to send her up as a haughty, domineering "Lady Robinson," but she took it well, confident that most listeners would regard it as a bit of fun at her expense but not as damaging her long-established reputation for supporting liberal causes.

She would like to respond positively to a number of invitations to visit Northern Ireland to meet various groups, some of which have met her in Dublin. She attended the enthronement in Armagh of the new Catholic Primate, Cardinal Cathal Daly, but an attempt by a former Unionist Lord Mayor of Belfast, John Carson, to get the city council to invite her there ran into trouble among the council members.

In June, she achieved another milestone by becoming the first Irish President to receive an honorary degree from Cambridge University in England. The citation for the degree conferred by the Chancellor, the Duke of Edinburgh, quoted from Yeats in Latin: "Nor Law, nor duty bade me fight, / Nor public men, nor cheering crowds." The orator of the university said these were apt words to describe a woman who had brought such freshness of purpose to Irish politics.

—*Joe Carroll, a contributing editor of Europe, is the parliamentary correspondent for The*

WOMEN: LEADERS IN THE NEW EUROPE

Irish Times in Dublin.

When French President François Mitterrand appointed Edith Cresson prime minister last May, the left-wing daily *Libération* proclaimed that "God (Mitterrand's nickname in the French press) Created Woman." But Cresson immediately outdid her boss by appointing two women to her cabinet, one of whom is **Martine Aubry**, 41, the new Labor Minister.

It is a ministry that she knows from the ground up. The daughter of E.C. Commission President, and French Socialist, Jacques Delors, Aubry learned about the importance of social issues early on. After graduating in 1975 at the top of her class from France's most prestigious political training ground—the Ecole Nationale d'Administration—Aubry took up an administrative post in the Labor Ministry, even though many more glamorous careers lay open to her.

She worked her way steadily upward in the ministry, until the uncomfortable political "cohabitation" of the Left with the Right made her leave the government in 1987 and go into private industry. At Pechiney, the French metal manufacturer, Aubry became convinced that good organization of labor and professional training are essential to reducing unemployment and increasing the competitiveness of enterprises.

Now, as Minister for Labor, she has not only come back to her roots, but is also armed with firsthand knowledge of what goes on on *both* sides of the bargaining table and able to put her multifaceted experience to practical use.

Aubry is neither a Mitterrandist nor a Rocardist nor a Cressonist, but enjoys the advantages of having no clear political image. She is known for plainly speaking her mind, and more than one ministry colleague would love to be a fly on the wall on the day when she and Cresson first do not see eye to eye on an issue.

Yvonne van Rooy is the Netherlands' Minister for Foreign Trade.

Van Rooy trained as a lawyer at the University of Utrecht. In 1984, she was elected to the European Parliament for the Christian Democratic Parliamentary

Party. There, she has served as a member of the External Economic Relations Committee and as a deputy member of the Committee for Economic and Monetary Affairs and Industrial Policy. She has also been active with the Women's Rights Committee.

Irmgard Adam-Schwätzer has served as Germany's Minister for Regional and Urban Planning and Construction since the first all-German elections last December. A member of the liberal Free Democratic Party (FDP), the junior coalition partner of the Christian Democrats, she was a Deputy Foreign Minister, responsible for European Affairs, in the previous German government. In 1990, Adam-Schwätzer served as vice-chairperson of the FDP, but lost her bid to become chairman of the party to Otto Graf Lambsdorff.

Vasso Papandreou from Greece is one of only two women to have ever been appointed E.C. Commissioner (the other is France's Christiane Scrivener, see below). At the E.C. Commission, she is in charge of employment, social affairs, and vocational training.

Papandreou studied economics at the Athens School of Economics and Business Science. Her political career began with her involvement in the Panhellenic Socialist Movement (PASOK), of which she was a founding member. As a member of the Greek Parliament, she rose quickly from State Secretary to Deputy Minister in the Industry, Energy, and Technology Ministry.

In addition to her political abilities, Papandreou has also worked in the business world: She is a member of the Board of Directors of the Commercial Bank of Greece.

Simone Veil, a French survivor of a German concentration camp, was elected the first president of the European Parliament in 1979.

She was educated at one of France's prestigious *grandes écoles*, and went on to become a lawyer, working as a magistrate and specializing in social problems, such as cases of juvenile delinquency, adoption, and disadvantaged families. She successfully implemented France's abortion and

contraception reform as Health Minister in the 1970s, and was responsible for regulating maternity leave and state-paid health care. Popular with the working class, she is known as a politician who takes her causes to heart.

She is currently a member of the Board of Directors of the European Institute, a trans-Atlantic research organization based in Washington, D.C.

Christiane Scrivener from France, is, along with Vasso Papandreou, the only other woman Commissioner. At the E.C.'s executive, she is responsible for taxation, a field in which she has made quite a name for herself during the difficult time of harmonizing taxes E.C.-wide in the run-up to the single market.

Before joining the Commission in 1989, Scrivener was a member of the European Parliament. As MEP, she served as Vice-President of the Parliament's internal lobbying group known as the "Kangaroo Group," which advocates closer European integration.

In France, Scrivener is a member of the UDF party, a grouping of several center-right parties, headed by former French President Giscard d'Estaing.

Rita Klimova is the first Czechoslovakian ambassador to represent a democratic Czechoslovakia in the United States, a position she took up in February 1990, only months after the fall of communism.

Klimova spent the years of World War II in the United States. After returning to Czechoslovakia in 1946, she finished high school, worked briefly in a factory, and joined the Communist Party before returning to school and graduating in economics in 1958. She subsequently worked as an assistant professor.

Her involvement in the 1968 Prague Spring reform movement cost her both her job and her party membership. She became a translator, but was stripped of her best assignments because of her involvement in the Charter 77 human rights petition, and her work in various *samizdat* (underground) publications. During the 1989 "Velvet Revolution," Klimova, a member of Civic Forum, worked closely with foreign journalists.



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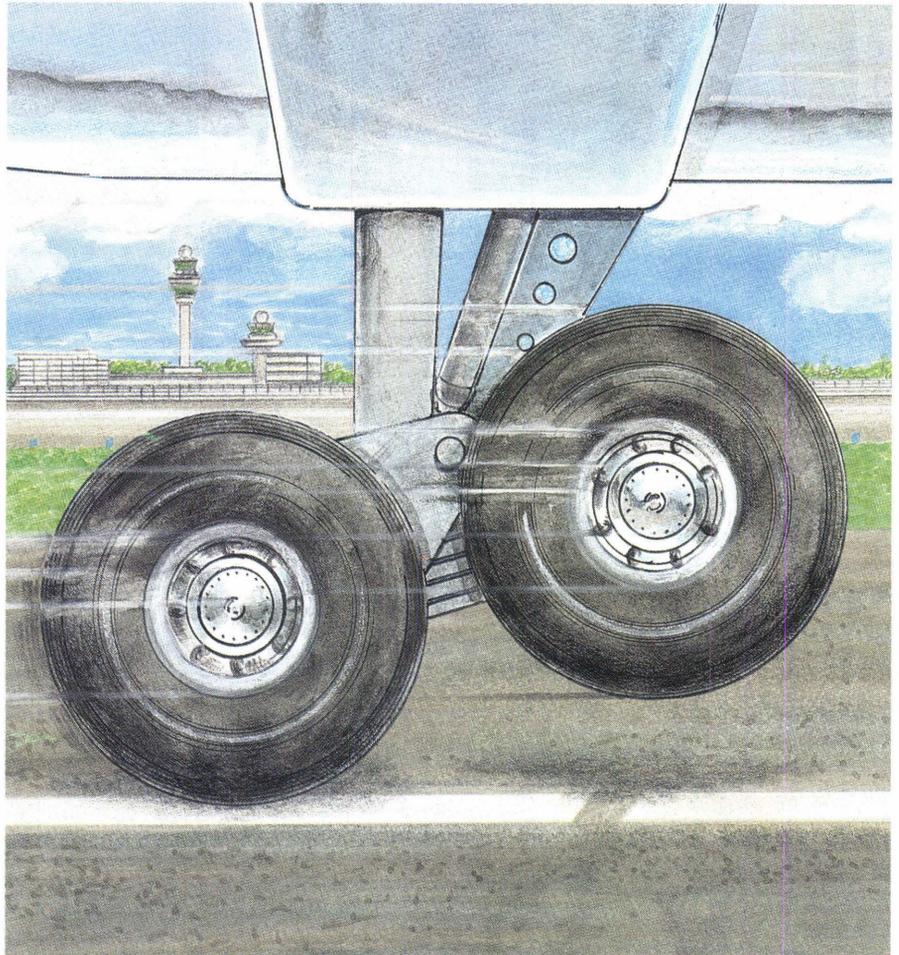
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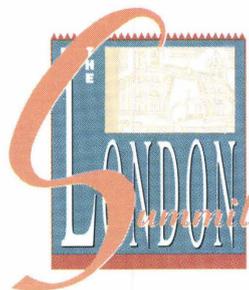
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THE LONDON • Economic Summit



The Soviet Union's economic situation and Gorbachev's appeal to the West for aid and assistance will dominate this year's summit meeting in London. Above: Last year's economic summit in Houston.

by Barry D. Wood



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EUROPEAN COMMUNITY

Less tumultuous times, the London economic summit would have been a love feast, a celebration of democracy triumphant and the Allies' victory in the Gulf War. But these Western successes have been pushed aside by Soviet President Mikhail Gorbachev's desperate bid for aid, the threat of civil war in the Balkans, and recession in North America and the United Kingdom.

Whether it turns out to be a grand illusion or a grand bargain, Gorbachev will be cordially received when he goes to lunch on July 17, the day the summit concludes. As U.S. Secretary of State, James Baker, said in mid-June: "We do not intend to stand idly by if the Soviets come to grips with the questions of political and economic legitimacy. *Perestroika* could be the most important revolution of this century, and all of us have a profound stake in its outcome."

Gorbachev has fascinated Western summitteers since 1987. In that year, during the opening dinner near Venice's Grand Canal, conversation became riveted on this remarkably unorthodox Soviet communist. Several of the summit leaders had recently been in Moscow and regaled their colleagues with assessments of where they thought *perestroika* and *glasnost* were headed. Here indeed, observed former British Prime Minister Margaret Thatcher, was a man with whom business could be done. By the 1989 Paris meeting, Gorbachev was sending letters to the summit. Even then, however, it seemed preposterous when a journalist asked President George Bush whether Gorbachev might be invited to attend the next economic summit.

While the final verdict on Gorbachev is not yet in, he is deeply admired by most summitteers.

**The Soviet Union's
Economic Prob-
lems Dominate
the Agenda**

They credit him with freeing Eastern Europe, winding down proxy wars in the Third World, and unleashing a wave of democracy in the Soviet Union itself. He has,

says Congressman Jim Leach of Iowa, permitted the West to win World War III in Eastern Europe without firing a single shot. As politicians, Western leaders are sympathetic to Gorbachev and the immense problems he faces.

Nevertheless, British Prime Minister John Major, for whom this is his first economic summit, both as host and attendee, wants to prevent Gorbachev from stealing all the thunder by limiting his attendance to the final day. Even in absentia, however, Gorbachev and his "grand bargain" aid proposal are likely to get most of the politicians' attention and the newspapers' headlines.

While, in the words of British Foreign Secretary Douglas Hurd, no blank check will be left under Gorbachev's plate, the Soviet Union will get Western help. It will most likely be granted associate status in the International Monetary Fund, which would eventually lead to measured financial aid linked to specific reform measures. The large-scale credits Gorbachev seeks will come only after implementation of the first phase of the Yavlinsky Reform Plan—particularly establishment of private property and phased price deregulation. The West will also be watching for further reductions in Soviet armaments and aid to Cuba.

In addition, the London summitteers will be able to point to specific trade measures that will make it easier for the Soviets to sell their goods to the West, and credits available for Soviet purchases of Western products, particularly food. Beyond that, there will be stepped-up technical assistance, including offers to streamline the food distribution system and to rejuvenate the ailing, but vital, Soviet oil and gas industry. As evidenced by Bush's choice of deal maker Bob Strauss as the new U.S. Ambassador to Moscow, Western business is being encouraged to boost its investment and participation in the Soviet economy.

The Soviet crisis aside, sober minds will reflect in London on what the world would have looked like had Iraqi aggression gone unchallenged in Kuwait. Had oil prices stayed at the \$40 a barrel they reached last October, not just the United States, but the world, economy would have been thrust into recession. A bold and decisive Western

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A HISTORY OF THE ECONOMIC SUMMIT

his year's economic summit is at Lancaster House in London. Last year, it was at Rice University in Houston. In 1989—in its grandest session yet—it was in Paris, coinciding with the bicentennial of the French Revolution. None of the six charter members are participants now: Former British Prime Minister Margaret Thatcher attended a record 12 summit meetings; with her departure,

Minister Harold Wilson, Italian Prime Minister Aldo Moro, and Japanese Prime Minister Takeo Miki, to meet at Rambouillet castle southwest of Paris.

Thus, the economic summit was born in November 1975, although Giscard d'Estaing pointedly called that first meeting a conference, not a summit. Despite urgings by U.S. Secretary of State Henry Kissinger, there was no commitment for periodic meetings of the group, no mention of meeting the following year, and certainly no intention of institutionalizing a process.

However, many of the economic summit traditions now so intimately associated with the economic summits are traceable to Rambouillet. There, apart from the heads of state and government, only the six countries' Finance and Foreign Ministers attended, meeting alternately among themselves and with the countries' leaders. And when, at the conclusion of the talks, the French President strolled across the road to Rambouillet's city hall, he established a practice that has endured for 16 years: The summit host, with his guests at his side, read a communiqué to the assembled press that not only addressed the principal economic issues of the day but affirmed the shared values and unity of purpose of the allied summit nations.

The following June, President Ford was criticized for convening a follow-up meeting of the group in Puerto Rico only weeks before the Republican Party's presidential nominating convention. Critics called it a public relations move by an unelected chief executive in need of the image boost accorded by television coverage as he shepherded world leaders around a resort hotel in San Juan. This time, Canadian Prime Minister Pierre Trudeau was also invited. Club membership had reached seven; the world's press called this meeting an "economic summit."

The 1977 meeting was in London, which set the practice of rotating the venues among club countries. The Downing Street summit, the first of three in London and the only one not held at Lancaster House, a beautiful early 19th-century mansion used for international conferences, established another tradition: It was the first summit to which the E.C. Commission President was invited to represent the non-participating

response, the summit nations will proclaim, saved the world from a third oil shock and sent the powerful message that armed aggression against sovereign states will not be countenanced.

The unfinished business in London is mainly the stalemated world trade talks that were due to have been successfully concluded in Brussels last December. The summit leaders pledged last year in Houston to use their personal influence to speed the Uruguay Round negotiations to



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At the 1978 Bonn summit, above, President Jimmy Carter said that the Western world was "blessed with economic, political, and military strength, and a high standard of living" that it needed "to share with less developed nations."

the senior member is François Mitterrand, for whom this London summit is his 11th.

In 1975, the economic summit's original conveners, former French President Valéry Giscard d'Estaing and former West German Chancellor Helmut Schmidt, approached what would be the charter meeting thinking merely that it would be a good idea for the leaders of the principal trading nations to meet informally to discuss global economic issues.

Schmidt and Giscard d'Estaing had themselves benefited from informal brainstorming discussions in the early 1970s, when they were both Finance Ministers. It therefore seemed useful, given the unsteady recovery from recession and the volatility on currency markets, to invite U.S. President Gerald Ford, British Prime

a 1990 conclusion. Those painfully and laboriously chosen words having proven hollow, the leaders must again this year confront the vexing agricultural trade problem that has hampered North American-European relations for a decade.

Ironies abound in London. This is not the first summit at which aid for the Soviet Union has been a principal issue. The issue had already surfaced at Versailles in 1982. Then, the problem was U.S. opposition to French and German backing for the now forgotten Yamal gas pipeline, which, Washington said, would make Europe dangerously dependent on Soviet energy. Nine years later, the aid spigot is being opened instead of closed. Gorbachev's 1991 plea of "help us, or we'll collapse" is a far cry from the 1950s, when former Soviet leader Nikita Khrushchev vowed that "we will bury you." €

Barry D. Wood is an economics writer in Washington D.C., who has attended the last 11 economic summits.

E.C. nations. This was partly in response to criticism from those E.C. nations that had not been invited. The Netherlands, in particular, had complained that the summits would create division among those E.C. nations that attended and those that did not.

Fifteen years later, the summit process is clearly institutionalized. The formats have been standardized: an opening dinner meeting devoted to political questions, three to four formal sessions on economic issues, a final early third day session to review the communiqué, the summit declaration, and a closing press conference.

Through the 1980s, the summits became progressively more regal, as host nations sought to outdo what had gone before. By 1980, food and drink were provided free to the press corps, whose numbers range from 3,000 to 5,000. The attending leaders' sherpas (plus two assistants), who prepare the way to the summit, meet at least three times in advance of the meeting to deal with logistics, issues for discussion, and preliminary drafts of the communiqués, which have been as long as 22 pages. Finance Ministers of the participating countries also meet during the year. The cost of putting on an economic summit has reached an estimated \$8 million.

Allen Wallis, former President Ronald Reagan's sherpa for six summits, says the meetings are invaluable because they allow the leaders to candidly discuss subjects of mutual interest. The conversations, he observes, have four functions: exchanging information and opinions; establishing rapport with their peers; setting the economic agenda for the year ahead; and focusing economic policy and forging decisions.

The content of economic summits has evolved over the years to include political issues. Whereas the early summits focused more narrowly on energy conservation, unemployment, and stimulating economic growth, recent sessions have more broadly examined the sweeping political changes in China, Eastern Europe, and the Soviet Union.

Last year's economic summit was the first of the post-cold-war summits. This year's is likely to be the "Gorbachev Summit," since the critical question of the amount and sequencing of highly conditioned Western aid to the Soviet Union is occupying the minds of all summit participants.

—Barry D. Wood

SHOULD THE WEST HELP THE SOVIET UNION?

Soviet President Mikhail Gorbachev's economic advisers have been working with various Harvard professors to come up with a new economic plan for the deteriorating Soviet economy. The so-called "Grand Bargain" calls for large-scale Western assistance to bail out the Soviet Union.

Europe asked from leading politicians, journalists, and economists on what they think the U.S.' and E.C.'s response should be to the Soviet request for economic assistance.

Hedrick Smith

There are many ways to aid the Soviet Union that the West should adopt, routing its assistance to republic, provincial, and city governments run by reformers, as well as to the central government. Aid should go to train newly elected legislators, mayors, and their staffs, as well as to newly developing independent media, such as the local city and Russian Republic television networks.

As far as large-scale economic aid is concerned, the West should target its aid very carefully to make sure that it will help develop independent economic bases in the private sector that will promote a pluralistic society. For example, Western governments should insist that any aid to the Soviet farm sector be used only to support the privatization of land ownership and farming. The new private Soviet farmers desperately need an infrastructure of support and credits that would enable them to buy tractors, feed, fertilizer, and other necessities, as well as to market their produce and livestock. Western assistance in this area could be specifically targeted to setting up that infrastructure, thereby promoting the spread of private farming.

But this type of aid will only work if the central [Soviet] government is committed in advance to privatizing agriculture to a significant extent and adopts in advance the necessary legislation, decrees, and regulations to implement this privatization. Western governments should insist upon this as a precondition for any large-scale agricultural aid. No Western aid should go into supporting existing centralized state agencies and bureaucracies.

The same should be true in other areas of the Soviet economy—an advance commitment and policy measures from the central

government, a specific target for Western aid, no aid to the old bureaucratic *apparat*, and a carefully monitored program of phased assistance that allows for the suspension of Western aid if the Soviet Government halts or backtracks on its general path toward a market economy.

In other words, the kind of large-scale blank check that Gorbachev wants is unacceptable. But more modest and more targeted aid is a sound investment in democratic institutions, a pluralistic society, and future markets for Western business.

Above all, Western aid should be coordinated among the leading powers so that Moscow cannot play them off against one other. Perhaps the International Monetary Fund would be the best common vehicle for conveying and monitoring aid.

—Hedrick Smith, who covered the Soviet Union as Moscow correspondent for The New York Times from 1971–74, is a Fellow of the Johns Hopkins University Foreign Policy Institute and author of *The New Russians*. Excerpts from a telephone interview with Europe.

Norbert Walter

We need to make sure that the Soviets set up an infrastructure. The most urgent need is human capital. The Soviet Union needs people capable of marketing products, of helping in the oil business, in logistics, and in overall distribution. We have learned that spending money in East Germany does not work if there is no infrastructure, and this is the case in the Soviet Union today.

The Soviets have to let us know who is in command. There is no clear concept of who is in charge today in the Soviet Union. This needs to be made very clear. There is a crisis of law at the present time. The [Soviets] need to proceed with a Union treaty. The autonomy of the republics needs to be respected. They need to develop a court system.

The G-7 should form a consensus [on aid]. It is too early to nail down a program for specific amounts of aid. The figures being discussed today are completely phony.

Parallel steps have to be taken by the Soviets. They have to attempt to move toward a market economy and democracy. It is not in our interest to see the Soviet Union dissolve and move toward civil war.

—Norbert Walter is Chief Economist at Deutsche Bank. Excerpts from a telephone interview with Europe. ►

Stanley Hoffmann

Where will the money come from? I think the G-7 will probably make a gesture, if only because they are afraid that a collapse of the Soviet economy would have serious repercussions on Eastern Europe, which, in turn, would lead to a flood of refugees to the West.

But is it realistic to believe that outside assistance will be more than a symbolic gesture? A country the size of the Soviet Union cannot be rescued by outside assistance. This is not a Marshall Plan.

I would advise doing a little something . . . if only as a way of making it clear that nobody wants to isolate the Soviet Union and that there is a general willingness to help. I think that it is very important for the E.C. to be seen as a helping hand. The other thing that would be useful is to tie whatever help is given to a calendar of reforms.

I think it is politically important not to say no, but basically, the [Soviets] have to rescue themselves.

—Stanley Hoffman is the Director of the Center for European Studies at Harvard University. Excerpts from an interview with Europe.

Helmut Schmidt

The idea that Gorbachev should ask for a credit of \$100 billion has shown how little understanding he has of what the international markets can do for him.

—Helmut Schmidt is the former Chancellor of West Germany. He is now Editor-in-Chief of the German weekly, Die Zeit. The above was quoted from a speech to J. P. Morgan in New York, June 11, 1991.

Dan Quayle

[The plan for direct cash assistance to the Soviet Union] is really a nonstarter. Don't ask the American taxpayer to pay subsidies to an economic system that doesn't work. . . .

[Soviet President Mikhail Gorbachev's economic restructuring plan] does not deal with the private ownership issue, which is absolutely imperative to have a reformed economy. . . . Until the Soviet Union makes some of the systematic changes necessary, you can put as much money as you want in there, but it's not going to help.

—Dan Quayle is Vice-President of the United States. Excerpts from a June 4, 1991, press conference during his visit to Eastern Europe.

Gary Kasparov

Many in the West see Gorbachev's support of the economic reform plan as a sign of a major change of course by the Soviet leaders. This conclusion is too hasty, as seen both by the plan itself and by comments made

by Deputy Prime Minister Vladimir Shcherbakov, who has rejected any link between financial aid and political reform.

. . . I will not deny that Western aid is extremely necessary for Russia and the other republics ruined by communism. But money directed by the central government will inevitably disappear in the Bermuda Triangle of the Soviet economy, without essentially influencing the course of reform.

. . . Western governments should not take on unaccustomed banking functions by offering credit, but should demand of Gorbachev and other Soviet leaders the creation of conditions for the unhindered development of free enterprise.

—Gary Kasparov is the world chess champion. He is also a member of the Democratic Party of Russia. The Wall Street Journal, June 7, 1991.

Mikhail Alexseev

My tip is: When high-flying Soviets ask for greenbacks, ask them how the money will be spent and who will get it. . . .

Let us take the smallest piece of change [Gorbachev] wants—the \$1.5 billion in agricultural credits—and ask him why he needs it. Why does a country with record harvests for the last five years want \$1.5 billion to buy American grain?

So long as the Soviet Government keeps buying U.S. grain the same way it has for the last 30 years, there can hardly be any talk about serious reforms. For it is not Soviet agriculture or the Soviet people that need the grain, but only the Orwellian pigs on the Soviet Animal Farm. . . .

Instead, U.S. credits could go to, say, 80,000 prospective private farmers in the Russian Republic, the working horses according to Orwell. . . . [This] can save many billions of dollars for the West—and give my country a future.

—Mikhail Alexseev, a Soviet journalist, is currently a visiting NATO scholar at the University of Washington. The New York Times, June 7, 1991.

Richard Gephardt

I don't think this discussion should be about how much money or aid [should be given] without strings. . . . [The] real discussion is: What do we need to pull together the other Western nations to figure out a plan that we can offer to the Soviets that would say: If you're willing to really change your country economically, politically, and militarily, then, in a phased way, we're willing to do these certain things.

Back in 1947, President [Harry] Truman led by going to the Western European countries and saying: If you do these things over a three- or four-year period, we will help. Now

is the time for Western nations to seize the opportunity to move the Soviet Union in the right direction. It is in the deep self-interest of our taxpayers to do that."

—Congressman Richard Gephardt of Missouri is the Majority Leader of the U.S. House of Representatives. NBC News' Meet The Press, June 2, 1991.

Robert Dole

We have no interest in subsidizing reckless Soviet policies—but food riots in Moscow and Leningrad are not going to push the Soviet Union down the path of democracy and free enterprise. That's one of the reasons why I think we should respond positively to the Soviet request for agricultural credit guarantees.

. . . Gorbachev's fate is in Gorbachev's hands; but we do have the potential, sometimes, to lend him a hand—or by accident or design to give him a shove over the side. And we ought to use that leverage wisely. . . .

Gorbachev speaks for the Soviet Union, and we negotiate with him on U.S.-Soviet relations. . . . But there is no reason why we should not deal directly with the republics on matters that even Gorbachev and the Soviet central government are acknowledging as within their sphere of responsibility; for example, trade and investment relations.

—Senator Robert Dole of Kansas is the Majority Leader of the U.S. Senate. Excerpts from a speech in Jacksonville, Florida, June 7, 1991.

Bill Bradley

I think we should be willing to provide some technical assistance for how the [Soviets] get to a market-oriented economy, [and] some humanitarian aid if there's a problem, like in Armenia with the earthquake. But I do not think that we should be sending massive amounts of taxpayer aid to the Soviet Union. I think that we need those taxpayer dollars in this country, dealing with the problems of America, not being sent to the Soviet Union when it has yet to reform.

The Soviet leadership fundamentally misunderstands the nature of our economy and economic system. There is a limited amount of capital in the world [that] flows to where it can make the biggest return on an investment. No president can tell people to invest in the Soviet Union in order to lose money. The Soviet Union has to make the changes domestically that will attract that capital. . . . If they refuse to make that change, then it will not come.

—Senator Bill Bradley of New Jersey is a member of the Select Intelligence Committee. ABC News' This Week with David Brinkley, June 9, 1991.

David Martin

David Martin was first elected to the European Parliament in 1984, where he represents the Lothians part of Scotland, which includes Edinburgh, the Scottish capital.

Martin, a member of the British Labor Party, is a Vice President of the European Parliament. His major area of responsibility is political union. He was interviewed by Europe's Editor-in-Chief, Robert J. Guttman, in Washington, D.C.

One of the key issues at the G-7 meeting in London will be assisting the Soviet Union. Should the West provide economic assistance to the Soviet Union?

There are no easy choices to be made in relation to the crisis developing in the Soviet Union. My conclusion is that our best move at the moment is to defend Mikhail Gorbachev and to give him all the assistance we can in order to provide some relative stability.

In the short term, I'm certainly of the view that you can't break up a nation and introduce a completely new economic system simultaneously without provoking a crisis of catastrophic proportions. The Soviets have already embarked on democratic and economic reform. Our objective should be to give the Soviet Union the time frame and space to achieve those reforms and then let it decide for itself whether it will remain a single unit or break up into individual republics.

Besides the issue of assisting the Soviet Union, what do you see developing with E.C.-Eastern European relations?

We could perhaps have a more immediate constructive impact. Take Germany, for example. It's almost ironic, but the E.C. will have to give aid to Germany to help it cope with the problem of eastern Ger-

many. We completely underestimated the scale of the difficulties in eastern Germany: Germans are talking about a 50-percent unemployment rate in the east toward the end of the year. It is quite wrong for us to leave the Germans to handle that internally.

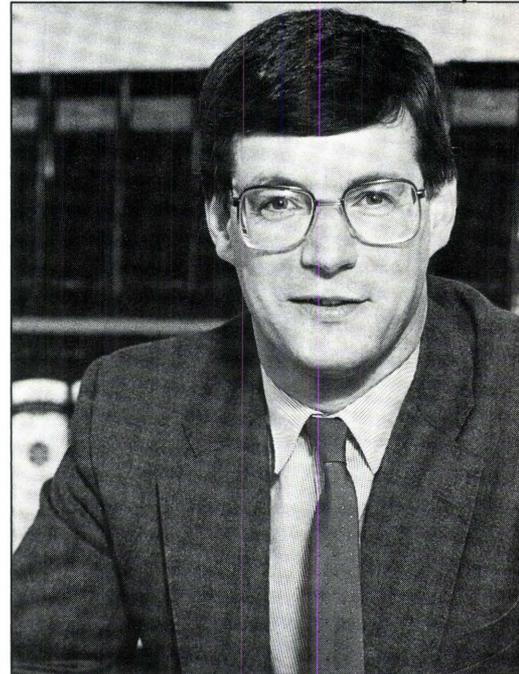
When it comes to Czechoslovakia, Hungary, and Poland, we've already achieved a lot in terms of economic reform. We need to examine how generous we've been, particularly in terms of access to our markets. Despite the problems we face in agriculture, we must look to opening up our agriculture, as well as our steel, coal, and textile markets, to those countries to help them find new markets to replace the Soviet Union.

When it comes to the "trouble spots"—Yugoslavia and the Soviet Union—I'm not clear on just what we can do to assist them. The United States has probably been right to stop aid to Yugoslavia for now, because it will not be used effectively right now. It is an uncomfortable position, but we probably have to sit on the fence and wait and see before making any decisions.

What are your comments on Edith Cresson becoming the Prime Minister of France?

My initial reaction was that Edith Cresson's appointment was good news for women, but bad news for the General Agreement on Tariffs and Trade (GATT) and for Europe. I hope my initial assessment on the latter point turns out to be wrong.

It is not clear to me why President François Mitterrand appointed her Prime Minister. Is it because he believes in this type of nationalism? Or because he believes that, politically, that sort of rhetoric is required in France? In fact, however, policy probably won't change that much: Cresson will talk up the French



British MEP discusses the E.C.'s stride toward closer economic and political union, E.C.-Eastern European relations, and Western aid to the Soviet Union

a significant shift. Mitterrand is still committed to closer integration in the Community and has learned the lesson that protectionism doesn't work.

How do you see the new British attitude toward Europe?

The E.C. power structure is fascinating at the present time and will probably not settle down for a while either. We have had a Franco-German axis, but France has now lost—for a variety of reasons—the leadership of the Community.

You have the United Kingdom, France, Italy, Germany—the Big Four. Italy is trying to speak from the South, as it has always done, and is becoming a bit more successful at doing so. And Spain is trying to speak for, and building alliances with, the medium-sized or smaller nations.

Then, perhaps most significantly, you've got Britain. The British Prime Minister is particularly trying to woo the Germans and to build a new alliance there. The cards are up in the air and we're not sure how they will fall.

It would be good for the E.C. if there were no dominant alliance; but if alliances changed with the issues. That would be much more healthy.

Do you think the British are becoming more focused on Europe and the E.C. under Prime Minister Major?

John Major is a mainstream, center-right European politician who will find it easy to deal with his equivalents on the Continent. His constraint at the present time is that a significant minority of his party is hostile to the Community.

What are your views on Neil Kinnock, the leader of the opposition Labor Party?

First, in terms of domestic politics, Neil Kinnock has transformed the Labor Party: He has made it electorally salable as a party. He also has—and this is the interesting thing about British politics—put us into the mainstream of the European Social Democratic family. Before, we *were* out of kilter with most of our sister parties on the Continent.

The Labor Party is committed to developing the European Community. Perhaps the party as a whole is not quite as far down the road toward European union as I am, but it certainly is a key issue. It accepts some aspects of democratization of the European Parliament and foreign policy cooperation and, although it is at times unhappy about the eventual goal of a single currency, it accepts it. These are all significant policy shifts.

What about foreign policy? Do you think Britain will move away from the so-called "special relationship" with the United States?

It does not matter who wins the elections. The special relationship will continue to exist, but it won't be between the United

"America . . . should not fear a united European approach in defense and foreign policy. It should see it as a partner in playing a role in world events."

Kingdom and the United States. It'll be between the European Community and the United States. Britain might have a key role in fostering that special relationship, but it is unrealistic for Britain to expect a special relationship with the United States other than through the European Community.

Do you think the U.S. Government is beginning to look at the E.C. as a major European partner?

It makes sense for the U.S. Administration to view the Community as a whole, rather than as individual states. That is why, symbolically, Bush spent time with German Chancellor Helmut Kohl and E.C. Commission President Jacques Delors when he came to Europe last time.

Who are the people to watch in the new Europe? Who would you single out as potential leaders?

The main question at the moment is who will be the E.C. Commission's next President. Spain's Felipe González might yet become President of the Commission. His only problem is that it is unlikely that the member state governments would accept two socialists in a row. González has always said he saw himself as Spain's leader for a decade, and that he would move on to another stage afterward. He is still a young man, so he could be a dynamic Community leader.

Vaclav Havel will emerge as the true leader of the Eastern European countries. He has played a very constructive role in the Hungary-Czechoslovakia-Poland agreement with the Community.

Havel understands the system and knows the limits of what is feasible. He has recognized the limitations of what can be expected from Europe. Havel may not necessarily emerge as number one in terms of a leadership role, but intellectually he will have a significant role in the Community.

Despite his age, Hans-Dietrich Genscher, the German Foreign Minister, might play a significant role. He has a vision of a united Europe and seems to be forming an alliance with Gianni De Michelis, the Italian Foreign Minister. That would be a very interesting partnership. They have already issued a joint communiqué to push European union.

Who will be the new European Parliament leaders?

The Parliament will have a new President at the end of this year. I would not exclude former French President Valéry Giscard d'Estaing from that race. If he does become President, it would give Parliament significant authority, and could well enhance its role in negotiations with the Council and the Commission.

The other person not to be underestimated in the next six months is Pieter Dankert, former President of the European Parliament and currently the Dutch European Affairs Minister. He is involved in the intergovernmental conferences (IGCs) and will chair the IGC on political union from the time the Netherlands takes over the E.C. presidency on July 1 through its conclusion.

How do you view the New World Order?

On the New World Order, I get the strong message that America really does not know whether it wants to be isolationist, have world leadership, or a partnership with others in running the world. My strong appeal to Americans would be to go for partnership.

History has given America the role of a leading player in world politics, but it should not try to exercise that without consultation and association with its friends. It should not fear a united approach in Europe in defense and foreign policy, but should see it as a partner with the United States in playing a role in world events.

Is NATO still viable?

I think it is. My own party was traditionally very hostile to NATO. It is ironic that we were hostile to NATO during the cold war and unilateralist in terms of disarmament. But we have now all recognized that a U.S. presence in Europe is desirable. We have also recognized the need for burden-sharing—Americans have been seeing it for years. We still need some American presence in Europe, and we still need to maintain the major framework. We have not yet reached the point at which NATO could be dissolved. €

London Hot Spots

London. The mere mention of the name of Britain's capital city conjures up a myriad of images of Europe's leading financial, commercial, and shopping center, of a cultural mecca for theater and music lovers—in short, a throbbing metropolis. Anyone contemplating a visit to London should, however, also know that, like most other major world-class cities, London can also be overcrowded and expensive.

London is large, which means that any stay there will involve traveling long distances—usually by public transportation. Because of ever growing traffic, traveling around London can be difficult. Its underground—or subway—system is the world's largest and oldest, making it slower and less efficient than the systems in other cities. Above ground, automobile traffic seems to jam the streets all day long, which makes for long trips in the famous red double-decker buses or black taxis.

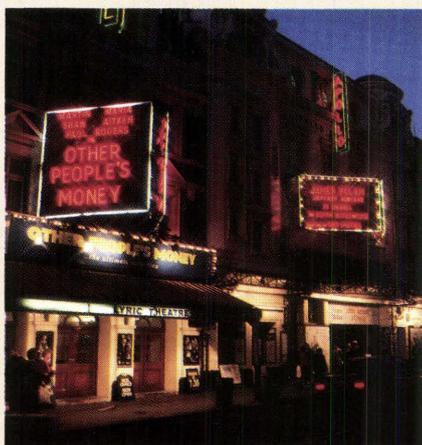
The black cabs fare better in the traffic than most other modes of public transportation, mainly because their drivers have to spend up to three years learning “the knowledge”—a test of how well they know different locations and the shortest way to get to them. However, even the most resourceful “cabbie” is not always able to avoid the traffic snarls, so that a two-mile journey can take 45 minutes.

But these are probably secondary concerns, for one can immerse oneself in so many wonderful things in London. The main sights are well-known: Picadilly Circus and nearby Soho, Trafalgar Square and the National Gallery, the Houses of Parliament and Big Ben, and, of course, Buckingham Palace, the home of the Queen.

Visitors interested in history or art should head for the wonderful treasure troves at the National and Tate Galleries, as well as the Victoria and Albert and Natural History Museums. A gem often missed is the British Museum. This regularly hosts brilliantly mounted exhibitions and contains the huge library reading room where Karl Marx wrote *Das Kapital*.

One off-the-beaten track recommendation is Docklands. The father of communism would be profoundly shocked if he were to take a railway ride through the new business district being built east of the

city, once the heart of working-class London. The elevated Docklands Light Railway provides an amazing overview of the scores of buildings, parks, and plazas emerging in the disused area of east London, once the commercial port of a great



A visit to the theater is a must for any London visitor. Many theaters are on Shaftesbury Avenue, above.

imperial power.

An evening at the theater is on almost everyone's itinerary. The world-famous Royal Shakespeare Company performs the works of the greatest exponent of the English language at the **Barbican** in the City. Other—and some say more adventurous—Shakespeare productions are staged by the Peter Hall Company at the **Playhouse** near Trafalgar Square. The three auditoriums at the **National Theatre** on the south bank also offer plays of a very high standard.

In recent years, the British have led the world in the production of that once so American genre, the musical. *Les Misérables*, *The Phantom of the Opera*, *Cats*, and *Miss Saigon* are all still running to packed houses and tickets are hard to come by. Theater box offices are invariably sold out for months ahead, so try one of the many ticket agencies, such as **Keith Prowse**. Hotel concierges should also be able to produce a brace of tickets—if suitably rewarded. Failing that, it is down to the theater on the night of the play to wait for possible returns or to pay ticket scalpers over the regular amount.

It is usually easier to get tickets for the often excellent plays in the West End that feature mostly British farces or comedies,

which are definitely a matter of taste. Do not ignore the fringe theaters, like the much acclaimed **Almeida** in Islington or the tiny back room of the nearby **King's Head**, a pub of the same name that still charges for drinks in the old-fashioned pounds, shillings, and pence.

London is also a great center for classical and contemporary music, which can be heard at the **Royal Festival Hall**, the Barbican, and smaller venues. The **Royal Opera House** offers the great operatic works in their original languages; the **English National Opera** performs in English; the **Sadler's Wells Theater** also caters to the opera lover.

Since Britain has been a leader in the pop music world since the days of the Beatles, it is little surprise that London features some of the world's finest rock, folk, and jazz music.

Diversity is also evident in the vast choice of ethnic restaurants that have sprung up in the past two decades. Some say that this is because English food is so bland and overcooked. But although food has never been a strong point of the English, their roasts, such as beef or lamb, can be wonderful if properly prepared.

There are many superb restaurants in London, such as **La Gavroche**, **Nico's**, and **Harveys**, but the rule for dining out in London should be: Don't take pot luck, take advice—it is all too easy to be underwhelmed by your meal and overwhelmed by the size of the check.

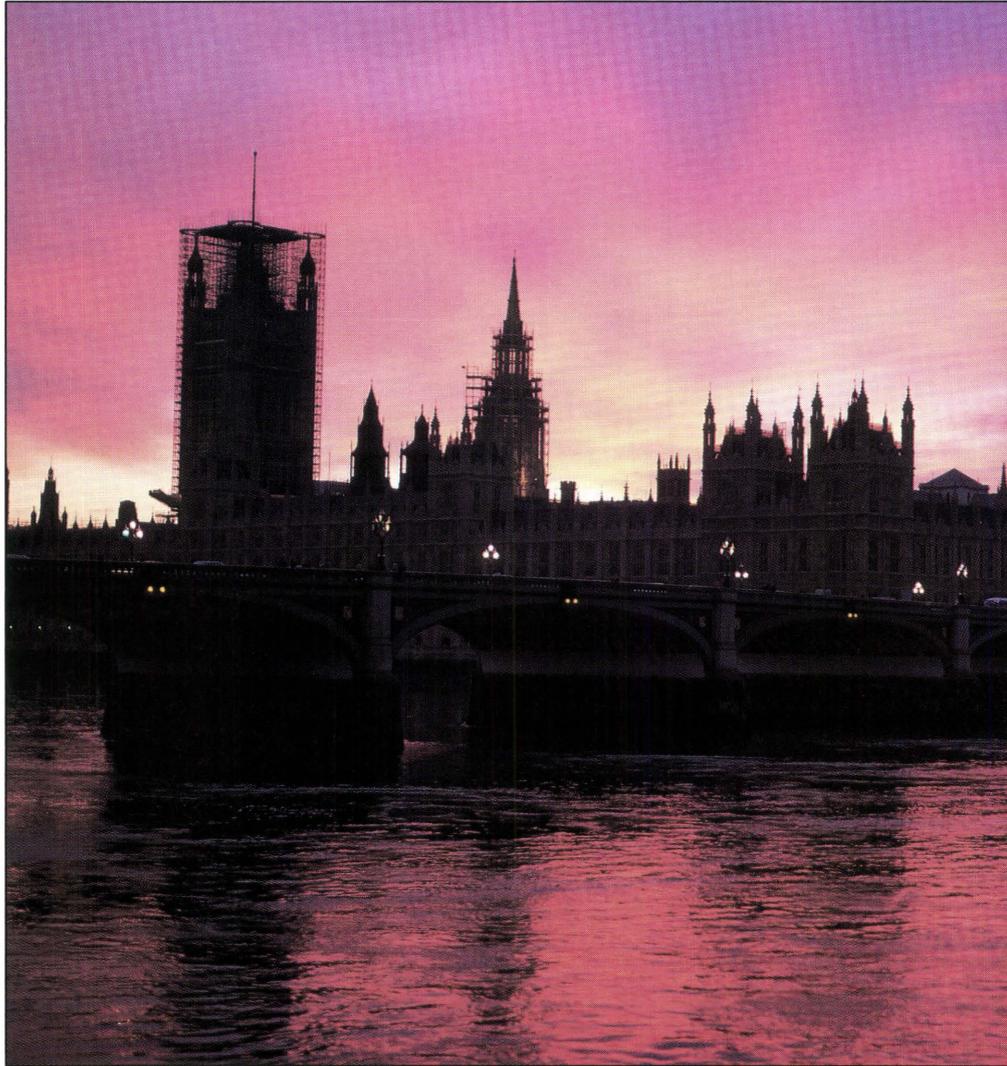
London is a great city in which to walk off the effects of too ample a lunch or to enjoy a pre-theater stroll. Try the crowded streets of **Soho** and its **Chinatown**, or visit the rejuvenated fruit and vegetable market at **Covent Garden** with its vibrant street theater and overpriced shops. For less pricey shopping enjoyment, go, on Saturdays, to the hugely popular street markets at the **Portobello Road** in Notting Hill Gate, or head north to the **Camden Market** in Camden Town.

Finally, for a complete break from everything, the best places to relax and take a breath of air in the huge metropolis are the open expanses of **Hyde Park**, **Regent's Park**, and **St. James's Park**. Unlike other European cities, the tradition here is that you *should* sit on the grass.

—David Lennon

MEMBER STATE REPORT

Since becoming Prime Minister last December, John Major has proved his leadership abilities particularly in foreign affairs: He has eased the long-standing tensions between Britain and its E.C. colleagues and proved a steadfast ally to the U.S. during the Gulf crisis. Right: Houses of Parliament; below: Knightsbridge.



ECONOMIC RECESSION AND POLITICAL UNCERTAINTY characterize the United Kingdom in the middle of 1991. After nearly 12 years in office, the Conservative Government faces an election that it may lose unless it can pull the economy out of what is generally recognized as the second worst recession since World War II.



UNITED

A Decisive Year in British Politics

chance of returning to power.

The Government's term of office does not end until June 1992, but the Prime Minister may call a general election at any time during the five-year term. Major and his colleagues are already preoccupied with trying to gauge the best time to go to the polls; there could be an election by this fall, or in the early spring of 1992.

The key is the economy, currently suffering a serious recession with few genuine indications that a recovery can be staged in the short term. Interest rates are still relatively high, inflation is falling but remains a problem, unemployment is growing, and GDP is in decline.

Internationally, the change in Prime Ministers has already altered the tone of the country's relations with its European neighbors. As the man who finally brought the United Kingdom into the E.C.'s Exchange Rate Mechanism in October 1990, Major had little difficulty in easing the tension between the United Kingdom and the other E.C. members that had characterized the Thatcher years. There are still many areas of disagreement, but they can now be aired and discussed in a calm, non-belligerent manner.

Major also came out well from the Gulf War. He continued his predecessor's policy of staunch support for U.S.-led military action there and earned considerable popular respect for his unflappable conduct during the crisis. He emerged from his baptism of gunfire with honor but, as Winston Churchill discovered after World War II, winning a foreign war is no guarantee of electoral triumph. On the contrary, domestic, economic, and social issues win elections, and Major will come under increasing pressure from the Conservative Party to take measures—cosmetic if necessary—to try to alleviate the gloom caused by the economic news, which currently is nearly all bad.

The curious thing is that, in some

ways, the nation feels as though it has already had a change of government. The dominating ruler of the past decade has gone, and been replaced by a totally different leadership. Strident, self-assertive, and dictatorial ways have given way to a softer, more caring, consensus style of government. All this has been reflected in the opinion polls, which, in June, showed that Labor's 22-percent lead over the Conservatives a year ago has been cut to around 6 percent.

Concern that her growing unpopularity might lose the Tories the next election led Thatcher to resign last fall. Central to her sudden departure was the widespread resentment of the poll tax, a new way of funding local government that she insisted on implementing, even though, considering each person had to pay the same amount of tax regardless of income, it was demonstrably unfair.

The new cabinet has tried to soften the edges of Thatcherite policies. In one of its first moves, it promised to replace the poll tax with a more equitable form of local government financing. The March 1991 budget, the first real chance for the new leadership to display its policies, introduced changes in taxation that indicate a drift away from the Thatcher policies, the aim clearly being to present a more "caring" image.

But many, not least the Labor Party, argue that the policy direction of fighting inflation while remaining committed to a broadly balanced budget is unchanged. However, even if many of the policies are the same, the tone in which the Conservative catechism is mouthed has been softened, to some extent beyond recognition.

However presented, the problems of the economy may prove frustratingly resilient. Reducing inflation has been the banner of the Conservative Party for a dozen years. It hit a peak last fall at around 10 percent, and is now declining, and the March budget forecasts a fall to

The abrupt departure of former Prime Minister Margaret Thatcher from 10 Downing Street, the most dramatic event of the past year, has changed the face of British domestic politics and the country's relations with its E.C. partners. It may also be the precursor of more changes as the new Prime Minister, John Major, struggles to establish his image, and the opposition Labor Party clearly feels that, at long last, it has a genuine

LARGE PHOTO: © R.E. HOWARD; SMALL PHOTO: © ADAM WOOLFEY/WOODFIN CAMP

KINGDOM

below 4 percent by the first half of next year. Some argue that the current improvement is a statistical illusion.

The United Kingdom is suffering the sharpest credit squeeze in years, and, after signs of seemingly renewed vigor

interest-rate cuts this year to try to prime the economy, but the impact has been blunted by banks and mortgage companies, which have been slow to pass the benefits on to their customers. Major has lectured them about trying to boost

right in everything she did.

He has been the head of the opposition for eight years and the man in training to lead the country. Major, by comparison, rose very rapidly from relative obscurity and has had only four years of cabinet experience. This inexperience shows as Kinnock's confidence is growing daily as he scents his first real chance to win a general election. Unlike during the Thatcher era, the leadership factor is no longer a decisive Tory advantage.

This election will not be fought out on the great issue of principle—capitalism versus socialism. Both parties have moved away from radicalism, and the Labor Party has long abandoned the radical leftist policies of the early 1980s that scared the voters into sticking with Thatcher. This time, both parties will be advocating broadly similar ways of approaching the key issues of inflation and unemployment, economic growth, health, education, and welfare.

If the electorate is undecided on whom it wants in office, the Liberal Democrats, led by Paddy Ashdown, may finally get their chance at helping to govern. This small centrist party has done so well in recent local elections and by-elections, that, once again, its members are harboring dreams of holding the balance of power after the votes are counted. Such hopes have been expressed before—but have come to naught. The outcome may not be any different this time, but the Liberal Democrats could do well among those who do not really like either of the main parties.

One of the things most clearly to have emerged is that Thatcherism did not create a nation of self-starting entrepreneurs. There is little evidence that the British economy has been transformed into some beautifully functioning post-industrial wonder. The populace still believes that the government has a responsibility to encourage success in business, even if it means providing subsidies. The British would also like to keep their national health service and to have money spent on education and welfare.

The party that convinces the voter that it can improve the lot of the "have-nots," without lowering the living standards of the "haves," will be ruling the country this time next year. It will have quite a job to do. €



Britons are getting ready to elect a new government within the next year. They will vote for the party that they feel will best improve the country's economy. Above: Tower Bridge.

early in 1990, domestic demand fell during the final six months of the year as business and individuals cut their spending. This tipped the economy into recession. Domestic demand continued to fall in the first half of 1991 and, although the budget predicted recovery in the second half of this year, it is now considered unlikely that there will be any telling improvement within the limited time left before Major has to face the voters.

The Treasury and the Bank of England have expressed a belief that the recession is coming to an end. However, the Confederation of British Industry and others are less certain; manufacturing output in the first three months of 1991 was still falling at an annualized rate of more than 4 percent, and the unemployment rate on a six-month average has been rising by nearly one million a year. Even the Government admits that this figure will continue to grow for some time to come.

Pessimism about the economy has been echoed by the E.C. Commission in its revised annual economic report, which says that the United Kingdom will experience a 2.25-percent drop in GDP this year, making it the only E.C. country to experience declining growth.

The Government introduced a series of

their recession-hit profits in this way, but all he has achieved so far is to appear weak and ineffective in the face of the big banks.

Since image plays such an important role in modern politics, this can hardly be good for Major or the Conservatives. One of the reasons why the political scene looks much more balanced today than a year ago, when Thatcher was still the dominant figure, is that Major has yet to overcome his image as a rather dull and gray figure.

Despite his quiet charm, Major appears slightly hesitant, as though he feels like a usurper of the post held for so many years by Thatcher. There might almost be an air of transition about him. There is not yet any strong feeling that he commands his own policies or determines the party's strategic issues. He has yet to produce a clear vision, except for a vague idea of being everything to everyone.

Even though the Labor Party's lead in the polls over the Tories has been cut dramatically, its leader, Neil Kinnock, looks a more formidable contender for 10 Downing Street now than when battling Thatcher. At that time, he often seemed weak and unconvincing in the face of her unshakable belief that she was always

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David Lennon is the Managing Editor of the syndications department of the *Financial Times*, and a regular contributor to *Europe*.

London: Europe's Financial Capital

The City of London, for centuries unrivaled as a world center of shipping, commerce, banking, and finance now finds itself entering a new era. High technology will spur continued leadership in traditional financial markets, while new responsibilities, such as the reestablishment of the European Bank for Reconstruction and Development (EBRD) will give London an enhanced international role in finance and economics.

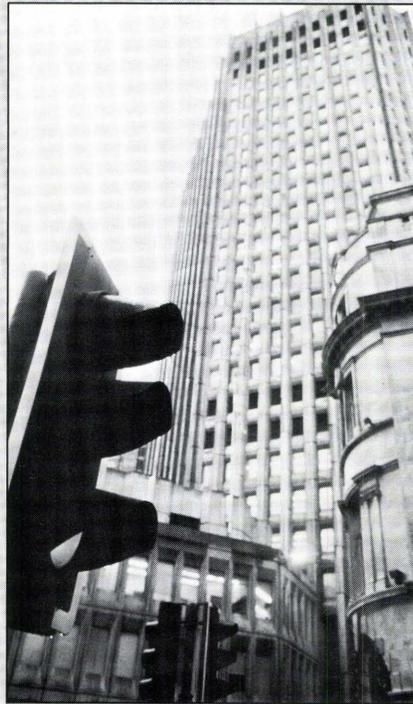
From the early days of British prominence in world commerce, there was a need for banking and insurance services as merchants and investors increasingly recognized London as the natural base for trading activities and the best home for their accumulated capital. Later, the Bank of England became not only the lender of last resort to the British financial community, but also the holder of gold and foreign exchange reserves for national banks throughout the world. In the 19th and early 20th centuries, the pound sterling was the world's accepted trading currency and merchants around the globe insured their cargoes with Lloyds of London.

Sterling's heyday as the world currency has long since gone, but more recent developments are once again giving London the chance to shine as a leader in international finance.

Britain's regulatory and fiscal environment has been more progressive and less restrictive than many continental European centers. However, this is now changing rapidly as Frankfurt, Paris, Amsterdam, Zurich, and others are scrapping regulations to compete in the growing E.C. securities market. At present, however, the London Stock Exchange (which, until recently, called itself the International Stock Exchange) still dominates cross-border equities trading in Europe. In the first three months of 1991, SEAQ International (Stock Exchange Automated Quotations), achieved an average daily turnover in overseas stocks of £1.15 billion—about \$2 billion—more than the entire turnover in U.K. and Irish domestic securities. Furthermore, in the same period, SEAQ handled approximately 30 percent of trading in French securities and 15 percent of dealings in German stocks. In May 1992, the London Stock Exchange plans to introduce "Taurus," a revolution-

ary paperless settlement system that will finally remedy what many see as a somewhat archaic procedure for processing financial transactions.

Although the "Big Bang" of 1986 went a long way toward establishing London as



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The 1986 "Big Bang," which modernized London's stock market structure, enabled the city to hold on to its role of leading financial capital. Above: the banking district.

Europe's most modern and competitive stock market from the point of view of trading, the U.K. market has not yet been able to rival the efficiency of its competitors' back-office operations.

Outside the area of securities trading, London has historically been well placed as a natural center. The leading role of sterling in international trade gave the City an early dominance in the business of currency dealing. In today's massive foreign-exchange market (which, the Bank for International Settlements in Basel estimates, has a \$650-billion daily turnover), London accounts for about one-third of total world volume. In financial derivatives, the London International Financial Futures Exchange is the largest in Europe (although Paris' *Marché à Terme d'Instruments Financiers* has recently become a

close rival in terms of total contracts traded).

Changes in world politics have brought a further role for London in recent months. The decision to locate the EBRD in London will clearly enhance the United Kingdom's profile as that institution tackles the challenge of fostering the growth of Eastern Europe's new market economies.

London was never seriously in doubt as the best location for the bank, which has a total capital of \$12 billion. A natural meeting place for financiers and the undisputed center of the Eurodollar market in which international lending takes place, London already had all the necessary resources and infrastructure to host an institution of the EBRD's stature.

Indeed, the wealth of capital, both financial and human, that is readily available in the City of London has long been a strength and attraction for outsiders when they choose a location for their banking, trading, or brokerage operations. Although most financial market dealings are conducted by people looking at screens and talking to one another on the telephone—theoretically making location of little relevance—the big deals are still made through personal contact. More than any other European capital, London has the greatest concentration of highly skilled and experienced financial personnel. It is estimated that over 900,000 people are employed in Greater London's financial sector.

Never complacent and ever protective of its leading role in the international financial arena, however, the Corporation of the City of London recently commissioned a three-year research study into the capital's competitive position in the world. Indeed, many of the influences that brought so much to the growth of London's financial leadership in the past are no longer its natural right; and in those new sectors, dominated by high-technology communication and near-perfect international mobility of people and machines, the City will be forced to garner its competitive energies to stay at the top of the global financial ladder.

Colin Waugh is a freelance writer and former financial analyst based in Washington, D.C.

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Britain in Europe

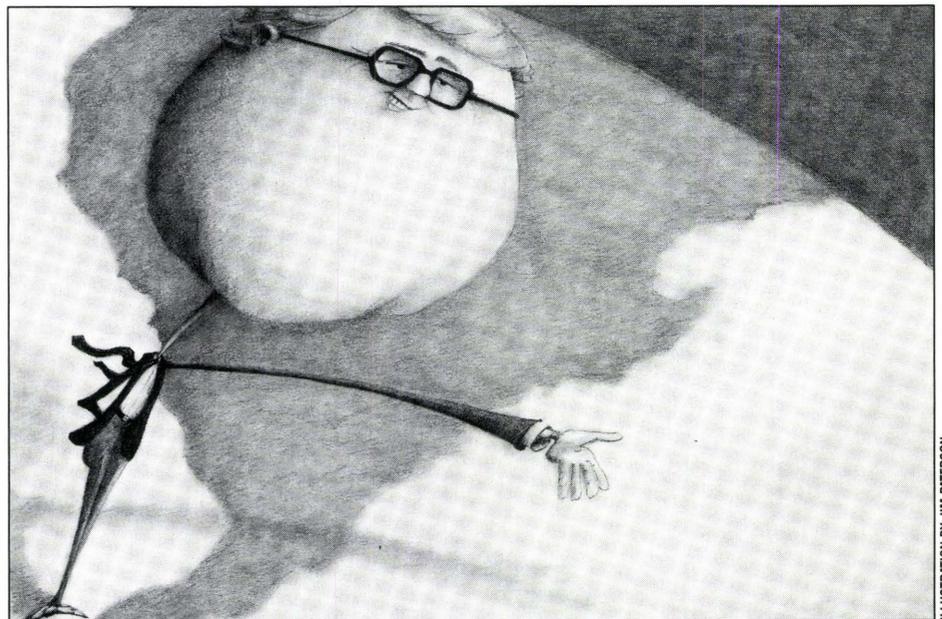
AXEL KRAUSE ■

“**M**Y AIM FOR BRITAIN IN THE COMMUNITY can be simply stated: I want us to be where we belong, at the very heart of Europe, working with our partners in building the future.” The date was March 11, 1991. The speaker was British Prime Minister John Major, and the place was the Konrad Adenauer Foundation in Bonn.

When Major uttered that phrase last March in his first speech outside the country after taking over from former Prime Minister Margaret Thatcher, the primarily German audience interrupted with applause. Major seemed to be signaling a fresh, upbeat, and constructive approach to the E.C.'s drive for political and economic union and for a greater E.C. role in world affairs. One of Major's predecessors, former Prime Minister Edward Heath, who had brought the United Kingdom into the E.C., described the speech as “music” to his ears.

The second message—signaling yet another break with Thatcher, and ending more than a decade of frosty tension with Bonn—was Major's determination to improve relations with Germany and especially with Chancellor Helmut Kohl and his Christian Democratic (CDU) party. Mindful that his hosts at that time were still being widely criticized for failing to actively support the Allied war effort in the Gulf crisis, Major extended a warm thanks “[to] the German people, for [their] support [to British] wives and companies during the difficult days of the last few months.” Again, the audience interrupted with hearty applause.

That speech and the two leaders' relaxed, friendly manner at an earlier joint news conference, seem to indicate that a major shift in E.C. alliances may be in the making: Britain, by drawing closer to



Germany, is demonstrating its determination to play a leading role in reinforcing the E.C.'s role and powers. In a related move, senior pro-Major British conservatives are now talking to their German CDU counterparts about joining forces in the European Parliament. In that vein, conservative MEPs Elmar Brok of Germany and James Elles of the United Kingdom have proposed that their countries negotiate an Anglo-German Friendship Treaty, similar to the 1962 Franco-German treaty.

On a purely personal level, Major and

John Major Forges New Partnerships in the E.C.

Kohl have a great deal in common: similar backgrounds, tastes—such as a hankering for fast food—ideological orientations, and shared values. The statement “I am of the generation that grew up in the aftermath of the Second World War” could easily have been made by both. Kohl was nine years old when Hitler invaded Poland; he joined the fledgling CDU in 1947 at the age of 17, and became Germany’s youngest Chancellor at the age of 52. Kohl has told American visitors that Harry Truman is the American president he admires most—for his pragmatism and simplicity.

The generation statement, in fact, was made by Major. He was born during the war, in 1943; joined the Conservative Party at the age of 16, and emerged, at the age of 47, as Britain’s youngest Prime Minister since Robert Peel in the first half of the 19th century. When Kohl and Major met for private talks during the mid-December Rome summit meeting of E.C. leaders, which also kicked off the intergovernmental conferences on political and economic union, these coincidental similarities led to mutual warmth and enthusiasm for each other. From then on, they were on a first-name basis.

Major’s style naturally led to many questions. Was he significantly shifting Britain’s traditionally cautious policy about E.C. union, or was it only a cosmetic change of style and tone? How far was Major prepared to go as the “new boy on the block?” How would his approach affect traditionally close Franco-German ties? Was this the beginning of a dynamic Bonn-London-Paris trio, as senior British diplomats were hinting? Indeed, smaller E.C. members, notably the Netherlands, were already warning that a “new triumvirate” was emerging in their midst.

Major’s resistance to key ingredients in the E.C. plan for monetary union, notably the creation of a single currency and a powerful central bank, was not new. But were the Germans—supported by the Netherlands, Spain, and France—also obstructing and trying to slow progress in the intergovernmental conferences under way? German, Italian, and French spokesmen denied that there was any cause for alarm. Senior British diplomats insisted that, although Major had urged Kohl to support his idea of a “go-slow” approach to monetary integration during an earlier meeting in Bonn, they had never agreed on action. Yet, most observers concurred that Kohl and Major were edging toward each other on a wide range of issues; that

London was no longer flatly rejecting the monetary plan, and that Bonn was giving London plenty of encouragement.

Equally important, Major is determined to be far more “constructive” in supporting E.C. foreign policy and secu-

Major is signaling a constructive approach to the E.C.’s drive for closer integration and a greater role in world affairs.

urity issues and initiatives than his predecessor. “Believe me, the March 11 speech, what preceded it and what came later, was no accident,” a senior British Foreign Office official said. He stressed, however, that Britain did not intend to “outmaneuver” or “destabilize” France or the close Franco-German relationship, which remains strong and active. “The Germans have a private agenda,” the official said. “They want us as part of a process to strengthen Europe, fearful that France may be too weak, militarily, diplomatically, and politically to lead, and yet [recognizing] that France and Britain both have what Germany lacks—diplomatic vision.” What emerged, the diplomat concluded, was the “heart of Europe” reference in the Major speech, and the call to “build a new dimension” in European unity.

The E.C.’s well coordinated position on the Kurdish problem was another indication of Britain’s willingness to work with the Community. At a special summit meeting of E.C. leaders in Luxembourg, Major proposed the establishment of a U.N.-backed “safe haven” for Kurdish refugees inside Iraq. Kohl and Mitterrand quickly and enthusiastically joined other E.C. leaders in endorsing the proposal, which also included a \$180-million E.C.-backed humanitarian aid plan for the refugees. Not only did Washington and the U.N. adopt a modified version of the plan, but the Bush Administration fully credited the Community for proposing it. Major won particularly warm praise from his E.C. colleagues for having discussed the plan with them first, and for having helped in the “revitalization” of the E.C.’s diplomatic role in the Middle East.

While Major’s pro-European stance drew criticism from some quarters within his party, most notably from Thatcher, it

received praise and encouragement from other powerful Conservative Party leaders. Heath said that “Major is taking dramatic steps to re-establish Britain at the forefront of the development of the Community.”

France is cautiously warming to this new fledgling European alliance. As early as January, Britain’s Foreign Secretary, Douglas Hurd, and France’s Foreign Minister, Roland Dumas, announced their joint support for a “peace process” in the Middle East. Senior French officials emphasized that, although there would be no weakening of the Paris-Bonn relationship, Britain and France would also seek to strengthen their ties, noting that, as Europe’s only nuclear powers and members of the U.S. Security Council, they shared foreign policy views and responsibilities.

France and Britain are also leading the movement within the E.C. to ensure that the main beneficiary of political union will be the European Council grouping heads of state and government and not the Commission or the Parliament. “British-French ties have always been strong—just look beyond the Middle East to the Eurotunnel, our exchange programs, and the like,” commented a senior British diplomat.

Summing up Kohl’s thinking, a senior German ambassador said he was delighted with what he termed the “new, European Major.” He recalled the first meeting between Kohl and Thatcher at 10 Downing Street, shortly after the Chancellor came to power in 1982. “She is of another generation . . . For her, Germany was the Luftwaffe raiding London, and when she and the Chancellor met, I recall her shocking us with her insistence on wanting her [E.C. contribution] money back . . . That’s all she could talk about. It was devastating, because for Kohl, personal relationships are everything.”

How does Kohl feel about Major? “We are happy with his approach, and we believe we can look forward to better relationships with both of our main E.C. allies. Maybe Kohl, Mitterrand, and Major will become a trio, but what matters is that Europe will be stronger with Britain inside—helping, not hindering.”

Axel Krause is Corporate Editor of the *International Herald Tribune* in Paris. His book, *Inside the New Europe*, will be published by Harper Collins this fall.

Traveling in Britain

A vacation on the Scottish island of Arran, above, is ideal for those who want to temporarily escape from their hectic city life and enjoy lots of fresh air, fishing, and hiking expeditions.



ISLE OF ARRAN TOURIST BOARD

*A British Holiday Can Offer
Castles, Cream Teas, and
Culture Aplenty*

HOLIDAY DESTINATION: UNITED KINGDOM. What places immediately come to mind? Undoubtedly London, closely followed by beautiful Bath, Shakespearean Stratford-on-Avon, and erudite Oxford and Cambridge. But the following tips suggest that that's just the tip of the touristic iceberg.

Scotland: Arran Island

Twelve miles off the southwest Scottish coast and, on a clear morning, within view of the coastline of Northern Ireland, lies the island of Arran.

Home to some 4,800 permanent inhab-

itants, not to mention its fair share of deer, highland cattle, and, off the coastline, gray seals and cormorants, the island is currently owned by the Duke of Hamilton. At around 300 square miles in area, Arran is one of the largest of Scotland's

western islands.

Benefiting from relatively good communications with the mainland, Arran is a popular summer resort for city dwelling tourists. Arran's summer visitors do take a gamble on the prospects of enough dry, sunny days to justify their purchases of suntan oil and bathing suits.

But this sometimes balmy, more often breezy, isle certainly has its alternative leisure pastimes. Locals and visitors join forces in Whiting Bay, Lamlash, and Brodick to fish for sea trout, mackerel, and herring, while the more energetic march inland for hiking and rock climbing. Goat Fell, the island's highest peak, rises (usually from behind the mist) to 2,856 feet above sea level.

Despite the fickle nature of Arran's weather, surprises await the newcomer to this sheltered station on the fringe of northwestern Europe. Passing around the 56-mile-long perimeter, one encounters frequent clumps of palm trees more familiar perhaps 1,000 miles to the south.

This vegetation flourishes mostly thanks to the warming influence of the North Atlantic Drift and the protective arm of the Mull of Kintyre. The white-washed cottages of Blackwaterfoot and their fruit- and honey-producing hinterland are minutes from the heather and bracken that carpet Glen Sannox, where, on the horizon, red deer are often visible to the watchful explorer.

Just to the south of Arran, beyond the lighthouse islet Pladda, the granite form of Ailsa Craig juts out from the waters that mingle with the Atlantic Ocean. Accessible by boat to the day tripper, this ancient rock is a bird sanctuary and the best source of the raw material from which curling stones are hewn.

A landmark indeed, "Paddy's Milestone" is both a geographical point of reference and a reminder of the area's history, when the Scots and the Irish made their perilous commute between each other's lands centuries ago.

—Colin Waugh

Northern Wales

Wales, with its own language, history, and culture, offers a wealth of experiences and worthwhile memories. Though conquered by the English in 1282 and made part of a unified Parliament in 1536, Wales, or Cymu, as it is known in Welsh, still maintains its own cultural identity.

Gwynedd and Clwyd, the two northernmost Welsh counties, offer magnificent mountains and lakes, sandy beaches and rocky coves, castles-a-plenty, minia-

ture railways, and much more—all in an area about the size of Delaware.

A good starting point is a trip up Mount Snowdon, Wales' highest mountain, on the mountain railway. On a clear day, you can see to the coast with its impressive craggy cliffs and wide sandy beaches.

Traditional British seaside towns are to be found at Llandudno and Colwyn Bay. On a summer's day, few things can compare to a stroll down the pier, eating the British staple, fish and chips, and listening to the screams of excitement from the amusement park.

That brash holiday atmosphere is soon lost when you enter the towns of Conwy or Caernarfon, which both have impressive castle ruins. To all good royalists, Caernarfon is instantly recognizable as the castle in which the Prince of Wales was invested in 1969. Conwy Castle towers impressively over the town. Caernarfon and Conwy both have all the requisite facilities for tourism but still maintain a bustling market-town feel.

Moving inland you will find Blaenau Ffestiniog, where you can ride on a 100-year-old miniature railway. Music buffs should not miss the International Eistedfodd, held each year at Llangollen. Golf fans will want to know that Chirk, in Clwyd, is the birthplace of Ian Woosnam, this year's winner of the Masters.

For all its history and culture, a trip to North Wales would not be complete without a visit to the pretty Italianate village of Port Meirion. Built on a whim in the 1920s and 1930s, it may be best known as the location for the filming of the television series "The Prisoner," but it is also famous for its beautiful chinaware.

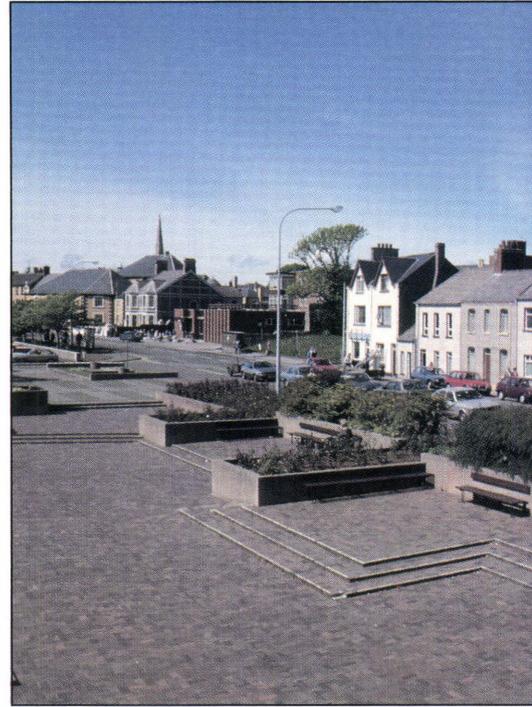
As a final step to a memorable visit, cross the Menai Straits to Anglesey. As well as finding another outstanding castle at Beaumaris, pick up a ticket from the station at Llanfair P.G. For those of you who don't make it there, it's the longest place name in Britain, and it goes like this: Llanfairpwllgwyngyllgogerychwyrndrobwllllantysiliogogoch.

Whatever your plans for a trip to the United Kingdom, if you get a chance, give someone the opportunity to say *Croeso y Cymu* ("Welcome to Wales").

—Colin Hensley

Northern Ireland

"I wish I were in Carrickfergus" is the opening line of a well-known Irish ballad. If you have never been in County Antrim, however, you will probably have trouble imagining why the emigrant-songster became so homesick for his native Northern



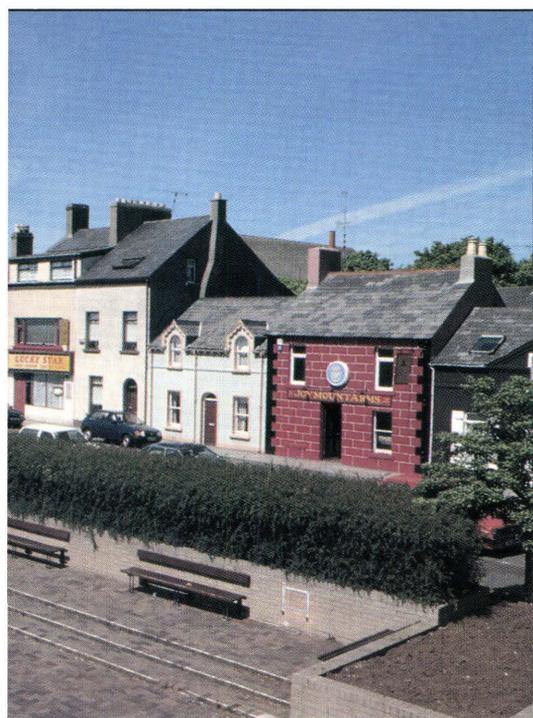
Ireland.

Carrickfergus is a pretty harbor town just north of Belfast on the Antrim Coast Road—a spectacle in itself, surprising in its beauty, and reminiscent of a time when warriors crossed the rough seas between Scotland and Ireland.

Carrickfergus dates back to the late 12th century, when the Anglo-Norman John de Courcy (later to become the first Earl of Ulster) overthrew the kings of northern Ireland and built a castle there. To this day, Carrickfergus Castle is the finest and biggest Norman castle in Ireland. The town is steeped in history, but you don't have to be a native to appreciate it. The castle's museum is a good orientation for visitors, illustrating the town's evolution as the seat of English power in Ulster until the 1700s.

Sailing enthusiasts will especially enjoy the Carrickfergus marina, which has been extended and improved with E.C. grants. Open year-round, it offers a sailing school, 300 fully serviced berths, and facilities for boat repair, sales, and brokerage. You can also hire a boat or a boatman for some offshore fishing. Dedicated sea anglers can catch 20-pound cod off the rocky cliffs north of Carrickfergus, near Boneybefore, the ancestral home of Andrew Jackson, U.S. President from 1829–37.

An absolute gem is the harbor of Ballintoy on the northern Antrim coast, between Portstewart and Ballycastle, which, in its remoteness and charm, is unlike anywhere else on earth. It is an ideal hideout for birdwatchers but also a



NORTHERN IRELAND TOURIST BOARD

The town of Carrickfergus in Northern Ireland, above, dates back to the 12th century. History buffs will enjoy the magnificent Norman castle, sailing enthusiasts the town's marina.

good place to watch the ancient landscape come alive and take on new hues under the constantly changing skies. Like other harbors on the Antrim Coast Road, it has been restored and improved with E.C. regional development grants.

Before going to the world-famous Giant's Causeway, take a couple of hours to visit the Old Bushmills Distillery in the picturesque town of Bushmills. Tours of the distillery are free, but visitors are advised to call in advance.

The Giant's Causeway was described by William Makepeace Thackeray as "a remnant of chaos" that accompanied Creation. Situated eight miles east of Portrush on the north Antrim coast, it is one of the world's most celebrated phenomena. The *scientific* explanation for the unusual rock formations—37,000 many-sided stone columns of basalt—is volcanic action in the area, but folklore has it that it was a giant's work—an allusion to the legendary Finn McCool, an Ulster warrior and commander of the army of the King of Ireland.

—*Elizabeth Winters and Maeve O'Beirne*

England: Sussex and Kent

For those of you whose trip to England consists primarily of a stay in London, consider escaping the great capital for a day or two—to explore England's beauti-

ful Sussex and Kent counties. Most of the picturesque destinations are no more than 90 miles from London, and can be easily reached with a rental car or by train.

Brighton in Sussex, about an hour south of London, became a fashionable vacation retreat for Londoners at the beginning of the 19th century, when the Brighton Pavilion was built under the guidance of the Prince Regent, later William IV. The pavilion's interior is spectacular, with pineapple-shaped turrets, elaborate bedrooms, long hallways, and filled with exquisite Chinese ornaments.

The Regency influence can be seen throughout Brighton, which is full of impressive early 19th-century mansions that line the promenade. If you should take a longish stroll through the town, be sure not to miss the adjoining Brunswick Place and Square for one of the finest examples of Regency architecture.

The Victorians enjoyed Brighton just as much as their Regency predecessors, and left their own telltale signs. Thus Brighton, like most other British seaside resorts, boasts two impressive Victorian piers (one was severely damaged by storms and is not open to visitors).

A trip to Brighton should also include a leisurely stroll through The Lanes, a part of the town that is made up of small shops selling everything from hardware to exotic cheeses. This section, as well as Kemp Town, are both part of "quaint" Brighton, with fewer tourists and more locals than can be found on the pebbly beach.

In western Sussex, many other small towns are tucked into the countryside that either make for good day trips from London or continuations from Brighton. Arundel, near Gatwick airport, is an excellent destination if you need to fill a day before flying. It is a very relaxed and scenic town with English cream teas in abundance. The town's centerpiece is the castle, home of the Dukes of Norfolk, the most senior English peers.

Chichester, a delightful market town, is just 20 miles east of Arundel and possesses one of England's best provincial theaters, as well as a beautiful cathedral. If you still need to get a souvenir, why not go for something "handmade": You can do your own brass rubbings in the cathedral on copies of the original medieval tombstones.

Alternatively, follow the coast east from Brighton through Kent to Dover with its magnificent castle and white cliffs. On the way, stop in Rottingdean,

just outside Brighton. Hastings beckons any history buff: The famous battle that decisively changed British history took place there and in nearby Battle. Although hardly anything is left of the battlegrounds, a stop in Hastings is well worth the brush with history.

Rye and Winchelsea are also a must. Once situated on the sea, the two towns were important fishing and trading posts. Today, as a result of heavy silting, they are about a mile inland. One can almost imagine Agatha Christie's "Miss Marple" novels being set in Rye. Indeed, it does have a literary link: The American author Henry James lived and worked there for some time.

Another worthwhile day trip, but also an ideal stopping point for those on their way to Dover and the Continent, is Canterbury. Ninety miles east of London, it is on the London-Dover railway line and has easy motorway access. The city is best seen on foot.

Canterbury is dominated by the majestic Christ Church Cathedral, site of Thomas à Becket's martyrdom in 1170 and the primary church of the Anglican faith. Be sure to see the crypt and cloisters.

Other historic sites in the city center include the Roman Pavement, the St. George's and St. Mary Magdalene towers, the Royal Museum, Conquest House, and the East Bridge Hospital. The city walls date from Roman times and are best seen near the ruins of the Norman Castle and by the Dane John Gardens. Of the remaining medieval city gates, the most spectacular is the West Gate, whose gardens are delightful for a picnic.

Canterbury, it is said, has more pubs than parking spaces: For atmosphere, try the Falstaff Tap at West Gate or the Three Tuns on St. Margaret's Street. Canterbury also has a wide selection of restaurants. At the *Elizabethan Tavern* on High Street (circa 1573), guests dine in a room where Queen Elizabeth I once slept! For the best English afternoon tea in town, visit *The Weavers*, also on High Street. The *Chaucer* and *Falstaff* hotels provide excellent meals and accommodations.

However, England's southeast does not merely consist of a succession of pretty small towns. The countryside is just as alluring, combining gently rolling hills, forests, and the coast: So instead of only taking in British history, you can also take in fresh air!

—*Anke Middelman and Jonathan Carter*

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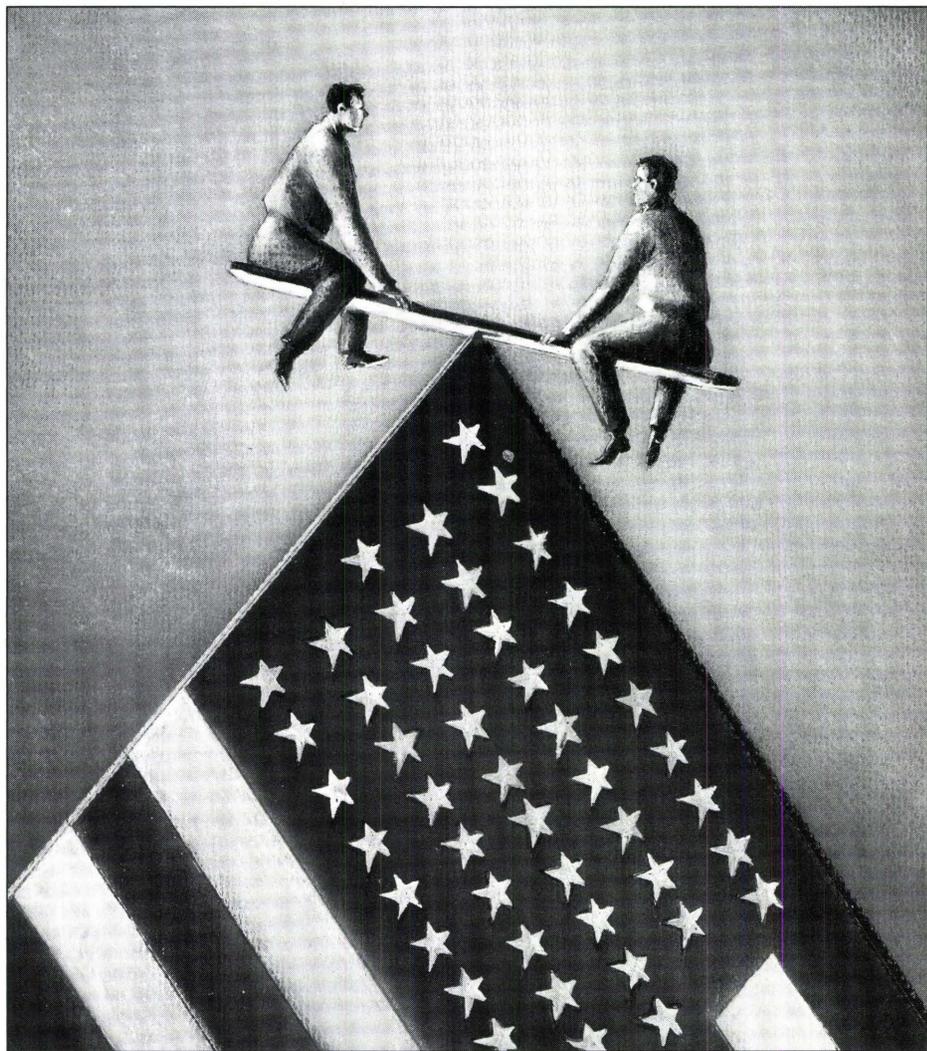
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Britain and the United States

*The "Special
Relationship" is
Changing*

LIONEL BARBER ■



THIS HAS BEEN A GOOD YEAR FOR ANGLO-American relations. The Gulf War showed Britain to be Washington's most steadfast ally, with the possible exception of Turkey. John Major, the new British Prime Minister, has displayed an enthusiasm that has endeared him to the equally *sportif* President Bush. And the Queen's state visit to the United States in late May proved, once again, that the British know how to exploit America's sentimental tendencies.

At the British Embassy in Washington, these diplomatic successes have been met with a mixture of pride and relief. Relations between the United States and the United Kingdom over the past two years, while never exactly strained, have

been cool—a contrast with the 1980s, when former British Prime Minister Margaret Thatcher enjoyed a personal warmth and ideological camaraderie that gave meaning to the much-vaunted (if misleading) phrase, the "special relation-

ship.”

Britain's chairmanship of the annual summit of the Group of Seven (G-7) industrialized countries in July is a further opportunity to consolidate the revival of British influence in Western policy-making. But London's comeback should not obscure important developments—in particular Britain's evolving role vis-à-vis Europe—that are affecting Britain's relations with the United States.

The British have always tended to cloak their relationship with the United States in a mystique. This starts with the common bond of language and strikes to the heart of the 20th century, when Britain fought two wars against Germany and sided with the United States in its global struggle to contain communism. France may have the Marquis de Lafayette, and Germany may occupy the pivotal geopolitical position on the European continent, but the British people feel instinctively that no other country can match the rapport they enjoy with their Yankee cousins.

These sentiments often breed a sense of superiority. However heartfelt they may be, they ignore those occasions when the United States and Britain have found themselves on opposite sides of an argument, notably during the 1956 Suez crisis. Furthermore, the so-called special relationship exaggerates the importance of traditional areas of cooperation, such as intelligence-sharing, to the point where Britain's voice is suddenly assumed to play a decisive role in American decision-making.

Thatcher, whose 10-and-a-half-year reign as prime minister abruptly ended last November, contributed to the myth of the special relationship. Her influence over the Reagan White House was, quite simply, extraordinary. Her personal access to President Reagan enabled her to bypass high-level discussions on national security issues within his administration. Elsewhere, practical mutual assistance, such as U.S. support for the British in the Falklands War against Argentina (later repaid when Thatcher allowed U.S. warplanes to use Britain as a launchpad for the 1986 raid against Libya), reinforced the impression of an unshakable alliance.

Thatcher benefited, too, from her early embrace of Soviet President Mikhail Gorbachev. Between 1985-88, she was well placed to act as an interlocutor between Washington and Moscow, since Gorbachev saw her as the one European political figure who had Reagan's ear. To the United States, Thatcher provided

useful political cover for Reagan's own rapprochement with the Soviet Union. In fact, her popularity in the United States, where she was idolized as a conservative free-marketeer, was always greater than in Britain.

*John Major knows
that, today, Britain's
standing in Washington
depends on
Britain's standing
in the E.C.*

When President Bush entered office in January 1989, the long-awaited correction took place. Senior officials soon realized that Britain's influence far exceeded its political and economic standing. This point of view was especially held true by James Baker, the new U.S. Secretary of State, who had witnessed how "Maggie" had pushed her weight around when he served as White House Chief of Staff and Treasury Secretary in the Reagan Administration.

America's new—and necessary—pre-occupation with Germany grew rapidly. A trans-Atlantic dispute over deploying a new generation of short-range nuclear missiles in Europe was settled decisively in Bonn's favor, despite London's protests. Thatcher made matters far worse by uttering public doubts about the pace of German unification.

Another cause for complaint was Thatcher's truculence toward European economic unity. Despite Washington's own ambivalence about the emergence of a formidable economic competitor, the Bush Administration now looked to Britain to play a positive role in European construction. By standing on the sidelines, Britain risked becoming marginalized at a crucial moment in the debate on economic and political integration. "We came to be seen as reluctant partners," says one British diplomat. "We came to be seen on the losing side."

Bush and Baker—each highly competitive when it comes to either turkey shoots or foreign policy—want to be associated with winners. Recognizing this, Major and his senior ministers appear to have accepted what two years ago would have been a stunning proposition: Britain's standing in Washington is related

directly to Britain's standing in the European Community.

These days, Major wants to show the world that the British can be good Europeans. Queen Elizabeth II herself made that point in her speech to a joint session of Congress on May 16, the first time a British sovereign has ever appeared before members of the House and Senate. She asserted that "Britain is at the heart of a growing movement toward greater cohesion in Europe" that will mean "radical economic, social, and political evolution." She also argued that "the best progress is made when Europeans and Americans act in concert." Not so long ago, as R.W. Apple observed in *The New York Times*, the Queen would most likely have said "Britons and Americans."

In the months ahead, particularly during the forthcoming European intergovernmental conferences, the new British attitude will be put further to the test. London's concern about moves to create a "European pillar" for the defense of Western Europe will grow if it appears to be at the expense of the NATO alliance—a concern shared by the United States. The debate on European monetary union, because of its impact on the British economy, is likely to prove even more contentious in the domestic debate—even if it does not directly affect the United States.

For its part, the United States may have to brace itself for the possibility of a Labor victory in the next general election—to be held at the latest by June 1992. Labor is no longer the unilateralist party of the early 1980s. The Bush Administration—at least at the mid-levels of the bureaucracy—has understood that and begun to educate itself about post-Thatcher Britain.

If there is a change of party, one should look to the new U.S. Ambassador to Britain, Raymond Seitz. A former U.S. deputy chief of mission in London, he is the first career diplomat to be appointed to the Court of St. James and will strengthen Anglo-American ties at a working level. His appointment is an important sign that Baker can occasionally overcome his suspicion of the career Foreign Service to put the right man in the right job at the right time. €

Lionel Barber is the Washington correspondent of the *Financial Times*. His last article, "A New World Order: The View from America," appeared in *Europe's* March 1991 issue.

PROFILE

Although Neil Kinnock, 49, has led the British Labor Party since 1983, he first gained wide recognition in the United States in 1988. Just prior to the Democratic primaries that year, the American media reported that Presidential candidate Senator Joseph Biden (D-DE) had apparently plagiarized one of Kinnock's speeches. Since then, the Labor leader has appeared on American television more often than is usual for the leader of any country's political opposition. And if Labor wins the next British election, Kinnock's name is certain to become even more of a household name to Americans.

Kinnock's political interest was instilled early on. Born in Wales, Britain's coal country and a Labor stronghold, Kinnock joined the party at the age of 15. He became politically active while attending University College of Wales in Cardiff, where he was chairman of the University College Socialist Party, and in the university's student union. He ran for the British Parliament in 1970, and has progressively risen through the political ranks.

Since becoming leader of the Labor Party, he has fine-tuned his leadership abilities. The past eight years have not

To most lovers of the musical, CAMERON MACKINTOSH, 45, is the "Iron Impressario," the dashing British producer of such mega-hits as "Cats," "Les Misérables," "Phantom of the Opera," and, most recently, "Miss Saigon." To American Equity, the U.S. actors' union, and others who have tried to cross him, "Big Mack," as his friends call him, is a force to be reckoned with.

At the not-so-impressive height of five-foot-four, Mackintosh stands at least one head taller than most of his peers in the music theater industry. His personal wealth is estimated to be over \$100 million, and his list of accomplishments reads like a music theater version of the "Guinness Book of Records." He has money, power, and a great story about how he got to the top of his profession.

At the age of eight, Mackintosh went backstage after a performance of "Salad Days" and precociously told the musical's composer, Julian Slade, that he would like to become a theater producer. Ten years later, after failing to get into a university drama program, Mackintosh got practical experience in the theater world by taking on a variety of odd jobs, ranging from prop boy to janitor to poster designer.

In 1968, with almost no capital, he set up his own

production company. His first medium-sized success was "Godspell," a musical that had already been produced successfully in the West End. Mackintosh doggedly marketed it for all he could, touring Britain—and bringing the show back to London—four times. He followed up with two more successes, a revival of "Oliver" and the revue "Side By Side By Sondheim."

His professional association with established and successful composer Andrew Lloyd Webber led to his first bona fide hit—"Cats." A string of now legendary smashes has followed, including "Les Misérables," "Phantom of the Opera," and "Miss Saigon," all glossy and extravagant crowd pleasers.

When "Miss Saigon" was being cast for its Broadway debut, American Equity tried to run up against the Iron Impressario by contesting the casting of Jonathan Pryce, a Welsh actor, in the Asian role that he had originated in the West End. In response, Mackintosh threatened to cancel the New York run completely and to return the \$26 million in advance ticket sales if Pryce didn't play the part. Faced with mass public protest and pressure from the theater owners, American Equity eventually relented—and once again Big Mack had his way.



CAMERON MACKINTOSH

PROFILE

been easy. Britain's last Labor Government, led by James Callaghan, lost to the formidable Margaret Thatcher's Conservatives in 1979. Part of Labor's problem at the time was that a disenchanted public regarded the party's political opinions largely as ultra-left (some cynics referred to its tendencies as "loony left").

In addition, Britain's powerful trade unions seemed to dictate the party's leadership and policy, all of which led Labor to lose touch with the public mood. Thus, at a time when both Europe and the United States were moving toward conservative economic and military policies, Labor favored nationalization of industry, unilateral disarmament, and leaving the European Community.

Under Kinnock's pragmatic leadership, Labor has changed course dramatically. No longer controlled by trade unions, the party has adopted a much more moderate stance. Bucking Labor tradition, Kinnock has even embarked on full-scale marketing campaigns to reach out to the British public. The strategy, which would have been considered anathema only 10 years ago, seems to be successful: It has raised Labor's popularity to heights unknown since the 1970s.

If one were to list the true intellectuals currently serving in John Major's Government, DOUGLAS HURD, 61, Britain's Foreign Secretary, would rank near the top.

Educated at Eton and at Trinity College, Cambridge, Hurd developed a precise, eloquent negotiating style as president of the debating society. He graduated with a First Class degree in history and went on to score the highest marks in the British Diplomatic Service entrance exam in 1952. During his 14 years as a diplomat, he was stationed in Beijing, New York, and Rome.

Hurd's political career began in 1966, when he resigned from the Diplomatic Service to head the Foreign Affairs section of the Conservative Research Department. From there, he went on to act as chief advisor to Edward Heath, then leader of the opposition and later Prime Minister.

He was elected to the British Parliament in 1974, and has held a variety of posts since the Conservatives came to power in 1979, including Home Secretary, Secretary of State to Northern Ireland, and, since 1989, Foreign Secretary.

As Foreign Minister, Hurd has figured prominently in international affairs in the last year. During the Gulf War, Hurd was a staunch supporter of U.S. President George Bush's defense of Kuwait. In the European arena, Hurd is one of the standard bearers arguing for maintaining the NATO military structure under U.S. leadership and against a separate European pillar acting independently of NATO.

Last November, when former Prime Minister Margaret Thatcher resigned from the leadership of the Conservative Party, Hurd's name figured prominently among the candidates to succeed her. When John Major was elected instead, Hurd agreed to continue in his post.

But there is more to Hurd than just international politics. In his spare time, which he has had less of than he would like since becoming Foreign Minister, Hurd likes to write. To date, he has published seven novels and two historical books.



BRITISH EMBASSY

If one individual personifies the drive and determination needed to propel a new and fairly small political party into power, it would be PADDY ASHDOWN, 50, leader of Britain's youngest party, the Liberal Democrats.

In his professional life, Ashdown seems to have covered all possible bases, from the military to diplomacy to private industry and, finally, to politics.

Upon leaving school, he served as an officer in the Royal Marines for 12 years, commanding an elite commando group unit, the Special Boat Section. During that time he also studied Mandarin Chinese, which he speaks fluently.

In 1971, his military days over, Ashdown joined the British Diplomatic Service, serving as the United Kingdom delegation's First Secretary to the United Nations in Geneva. In 1976, he turned from government service to private industry, working in senior management for the Westland Group and Morlands Ltd.

When Britain's two smallest political parties, the Socialist Democratic Party and the Liberal Party, decided to join forces in 1988 to become the Liberal Democrats, Ashdown, known for his personable, down-to-earth style and dynamic speaking abilities, was elected the party's first leader and charged with the monumental task of transforming the fledgling alliance into a political heavyweight. Indeed, its popularity is on the rise. Although the party at present holds few seats in Parliament (due to the British first-past-the-post electoral system, only the winning party is represented), it receives a significant number of votes nationwide.

BRITISH EMBASSY



CAPITALS



The Faeroe Islands, constitutionally part of Denmark, but endowed with a large degree of autonomy, worry that E.C. membership would deprive them of exclusive access to their rich fishing grounds.

Fishing for a Solution

COPENHAGEN—Sweden may join the European Community by 1995, and the remaining Scandinavian countries will almost certainly follow suit by the late 1990s. But two island peoples in the North Atlantic, both part of Denmark, intend to stay out. Greenland and the Faeroe Islands both cite the fear of losing access to fish as the major reason, but national emotions play just as strong a role.

The two communities, whose populations number less than 50,000 each, are constitutionally part of Denmark, but have far-reaching economic autonomy. Greenland is the only member to have left the E.C., but that event did not

arouse much attention because its membership was indirect, through Denmark. Once they had been granted autonomy by Denmark, the Greenlanders simply opted out of the Community.

The Faeroe Islands have

had a trade agreement with the E.C. since 1977 and, for the past two years, the islands' local government has been negotiating with the E.C. to replace that agreement with a broader free-trade treaty. The stumbling block has been E.C. resistance to a Faeroe demand for free entry of fish to the Community. Full membership would solve that problem, but would also open the rich fishing grounds off the islands to E.C. competition.

Politically, the Faeroe Islands fear that they would have only marginal influence in the Community. They would be represented by Danes from continental Denmark, and the islanders strongly resent any Danish tutelage. For example, the islands use the Faeroe flag as a demonstration of national autonomy, and they also have their own currency, on which all markings are in the Faeroe language, which is incomprehensible to most Danes.

The only development that

would almost certainly change the Faeroe Islands' attitude toward the E.C. would be if Iceland sought membership. With Iceland as a member, the E.C. would be close to self-sufficiency in fish, and that would make the future of Faeroe fish exports a less important bone of contention. Since fish is keeping the Faeroe Islands out of the E.C., it is only logical that fish would also bring the islanders in—sooner or later.

—LEIF BECK FALLESEN

Tempest in a Teacup

AMSTERDAM—Just before the Netherlands took over the E.C. presidency, Dutch Prime Minister Ruud Lubbers and his Foreign Minister, Hans van den Broek, were at odds over how to solve a crisis situation in Suriname, one of the Netherlands' former colonies in South America.

After World War II, Suriname obtained full home rule from the Netherlands, and gained independence in 1975 after severe race rioting. Suriname has one of the most racially mixed populations in the world, consisting of Indian, Hindu, Middle Eastern Moslems, Javanese, Chinese, Creoles, and the original Bush natives. There is also a significant Jewish population.

Not all is well in Suriname these days. In fact, Nelson Oduber, Prime Minister of the neighboring Dutch island of Aruba, recently asked the

COURTESY OF THE DANISH TOURIST BOARD

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Dutch for military help to rid Suriname of its army chief, Lt. Colonel Desi Bouterse, who, according to Odubor, is ruling the country "at gunpoint."

The Dutch Government unofficially sounded out Suriname on the possibility of establishing a commonwealth with the Netherlands. The idea got a warm reception from nearly everyone—except for Bouterse.

Then, in late May, van den Broek suggested to the Dutch Parliament that the Dutch should intervene militarily—a proposal that the Parliament backed. Prime Minister Lubbers, however, was more cautious. He noted that military intervention was the wrong approach, and would probably not be supported by the Dutch. He preferred another route: increasing badly needed development cooperation in that country.

Narcotics trafficking is a major industry in Suriname, whose economy is in shambles. Lubbers contends that, without foreign help, Suriname is unable to tackle the drug problem effectively, and that military intervention, even at the request of the Surinamese opposition, would not help solve any problems or "bring about change for the better."

Compromise was finally reached. A spokesman for the Dutch Foreign Ministry said that the dispute had been merely a "misinterpretation of words," and added that, since "at present, there is no government in Suriname, it cannot be overthrown either. Minister van den Broek merely suggested military intervention as a possible option."

The Dutch Government agreed not to send any development aid until Suriname had been turned into a democracy upheld by a constitution, at which time "anything was conceivable."

—NEL SLIS

Governmental Ethics

DUBLIN—The recent efforts of the Dail, Ireland's lower house of parliament, to pass a bill on "Ethics in Government" generated much rhetoric about the need for high standards in high places but little else. To the disappointment of its sponsor, the opposition Labor Party, the ruling Fianna Fail Government used its majority to vote down the bill, dismissing it as unnecessary and unworkable.

The bill was based on the practice in a number of other countries, including the United States. Its proponents pointed out that Ireland was out of line with many other Western democracies in having no rules at all for party and election financing and funding, and proposed three items. First, to make members of government hand over gifts they received on official business worth more than \$300; second, to have all legislators declare their own and their families' financial interests; and third, to register the income and expenditure of all political parties, and to include the names of contributors and the amounts.

Because no public record exists of such payments, some are concerned that political favors are expected in return for this secret support. The major parties that receive such funding (Fianna Fail, the senior party in government, and Fine Gael, the main opposition party) insist that no strings are attached to the financial support they receive both from big business and individual supporters.

Labor's argument that one should be open about such funding and publish the names of contributors was seen as naive by the big parties. They say that contributions would simply dry up if the donors became known and the public suspected that they were getting some favors in return any-



how. Fine Gael, however, was prepared to accept a compromise whereby an upper limit would be placed on single contributions, while the donors would remain confidential.

Much of the debate on the bill was devoted to a subject that was not even part of it: the introduction of state funding for political parties. Government ministers and all parties except the Progressive Democrats, the junior government party, expressed approval for the idea. This is accepted practice in several E.C. countries and is also used for elections to the European Parliament, which funds parties on the basis of the number of seats they win.

Because there have been so many elections in Ireland over

the past decade, the two biggest parties have run up substantial debts, which they are trying to reduce by voluntary fund-raising. It is not surprising, therefore, that the prospect of state funding should appeal to hard-pressed party officials and politicians who claim that their supporters cross the street to avoid them because they are always looking for money.

At the same time, state funding would mean raising taxes, and politicians are aware that this would only increase the already fairly widespread cynicism in Ireland about political life. In fact, Irish politicians are not well paid by E.C. or U.S. standards and there has been



Prestigious designer Azzedine Alaïa adopted the glaring pink-and-white motif of the bargain basement chain Tati as a shocking and surprising element in his 1991 spring/summer collection.

very little evidence of corrupt practices.

The upshot of the Dail's first debate on political ethics was that the House would look again at having a compulsory register of members' financial interests—but not by means of legislation.

—JOE CARROLL

Alaïa's "Tati" Chic

PARIS—Azzedine Alaïa, the king of luxury ready-to-wear, pet couturier of stars like Tina Turner and Grace Jones, and the man who draped opera

diva Jessye Norman in yards of patriotic blue, white, and red for her appearance in the French Revolution's 1989 bicentennial parade, has come up with the fashion surprise of the season.

For his 1991 spring and summer collection, Alaïa chose a shocking pink-and-white plaid that has been the trademark of the five-and-dime Tati chain of clothing stores since 1948, when Tunisian-born Jules Ouaki opened the first one on Paris' Rochecouart Boulevard.

To understand the connection between expensive couture and low-cost *chic*, one

must know that Tati is not what *anyone* would describe as a temple of high fashion. It is a bargain-basement empire that attracts 25 million customers a year, similar to an old five and dime store in the United States.

The glaring pink-and-white motif that inspired Alaïa screams from the awnings of all seven Tati stores in France and is stamped on the chain's plastic bags. The pattern beckons like a beacon to those in search of rock-bottom prices: At Tati's, a suit costs \$30, and pantyhose have been selling there for 60 cents a pair for the last 40 years!

Regrettably, Alaïa has only adopted the Tati motif, not the prices. A jacket-and-skirt ensemble from the racks of *his* chic boutiques, even in the tacky pink plaid, still carries a price tag of at least \$1,400. But to thank the chain for being allowed to use the plaid pattern free of charge, Alaïa has designed and signed three articles now for sale *chez* Tati: a canvas bag for \$20, a pair of sandals for \$6, and a T-shirt for \$4.

For the Tati chain, which prides itself on never having spent a penny on advertising, the alliance with Alaïa has proved a masterstroke of free publicity. Alaïa's offerings have brought Tati a stream of new customers—the kind of people who previously refused to set their well-heeled feet near the place. Elegant *Parisiennes* find it *très amusant* to buy the three items as a set, but they still do not like to be seen carrying their cheap spoils home. As soon as they leave the store, they usually toss the tell-tale pink-and-white bag into the nearest trashcan.

Tati's regular female clientele, on the other hand, is far less furtive and not so easily impressed. Some find the T-shirts too tacky, with "TATI" emblazoned on them in huge letters, and *Alaïa pour* above it, in tiny script barely visible

at arm's length. Others wonder if the bag will stand up to heavy use. Few thrill to the mere mention of the designer's name. One customer, when asked if she had ever heard of Alaïa, looked puzzled and then asked: "Allah who?"

But many of these ladies, too, succumb in the end and buy the trio of Alaïa's designs, because, when it comes to a real bargain, all women are sisters under the skin.

—ESTER LAUSHWAY

Waste Not, Want Not

BERLIN—Before the fall of communism, the East German "Sero" recycling system (secondary resources collection) was, environmentally speaking, the soundest and most successful recycling program in Europe.

Sero was introduced by the Socialist regime out of the economic necessity of saving potential resources, not because the population was particularly environmentally conscious. From problem waste to potential resources, Sero saved the East German Government billions of dollars worth of scarce foreign currency and covered 13 percent of its primary raw material consumption.

When the Berlin Wall fell in 1989, Sero became the showcase for the West for relieving overburdened disposal facilities and conserving natural resources.

Throughout East Germany, Sero had a dense network of 17,200 buy-back and 55,000 drop-off centers. The buy-back depots were particularly attractive for East German consumers, offering 30 pfennigs for each kilo (2.2 pounds) of old paper, 50 pfennigs for textiles, and 20 pfennigs for scrap.

By supplementing the East German individual's income and helping the state save valuable foreign currency needed to buy raw materials,

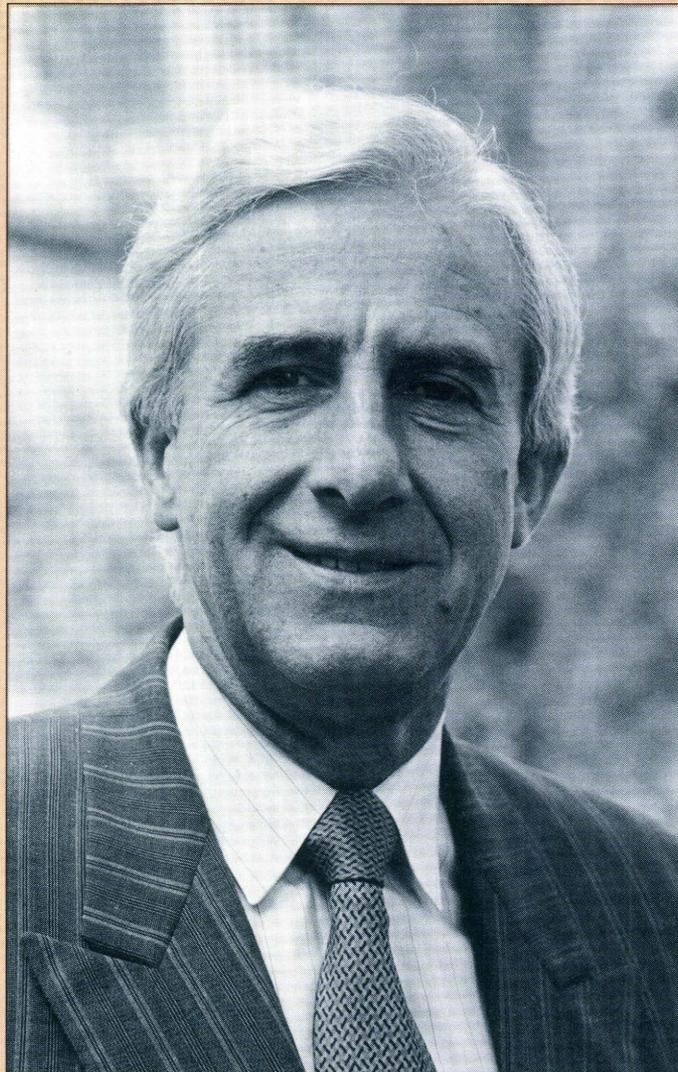
Back to Normal

LUXEMBOURG—Life in Luxembourg is slowly returning to normal. The natives are preparing themselves for the annual invasion of tourists, which will probably be a relief compared to the invasion of European officials with which they have been coping over the past six months.

Being in charge of the E.C. presidency can exact a heavy toll on a country the size of Luxembourg. The task was made even more difficult by the fact that all Council of Ministers meetings were held in Luxembourg, not Brussels, during the months of April and June, which entailed even greater planning. This, combined with the vast number of informal Councils traditionally hosted by the presidency, put a strain on the inhabitants of the Grand Duchy. But, when all is said and done, the Luxembourgers handled it all competently.

This is not to say Luxembourg managed to achieve all the goals it had carefully set itself when it was handed the baton last January. At the top of the agenda was substantial progress on the twin intergovernmental conferences on political and economic union, which will rewrite the E.C.'s founding Treaty of Rome. Luxembourg never hoped to get the draft Treaty amendments agreed during its six-month stint, but it had hoped to make greater progress than it actually did. Instead of a neat package to hand over to the Dutch Presidency, Luxembourg has passed on a grab bag of suggested changes with many loose ends still left dangling.

The lack of progress is not entirely Luxembourg's fault. Instead of being able to con-



COURTESY OF THE LUXEMBOURG EMBASSY

From July 1, Luxembourg Foreign Minister Jacques Poos' agenda will be less hectic than in the six months since January, during which he coordinated the E.C.'s response to the Gulf War, dealt with the Kurdish problem, and tried to keep the pace of European integration on track.

centrate all its efforts on pushing through the necessary changes to the E.C.'s founding Treaty, Luxembourg Ministers found themselves forced to assume the unaccustomed role of international statesmen, coordinating the E.C.'s response to the Gulf War.

The Luxembourg Presidency did achieve other victories, however. It managed to steer through this year's farm price package without being forced to resort to crisis talks. And it finally pushed through

an agreement on the vexing question of harmonizing value-added, or sales, tax, a subject hotly contested over the past few years.

Luxembourg's small army of government officials is probably relieved that the E.C. presidency has come and gone. Having moved out of the limelight, they can now wait for another six years, until they take over the E.C. presidency again.

—DENISE CLAVELOUX

Sero satisfied everyone, with the result that it really did relieve some of the environmental burden: In 1989, every East German citizen produced 374 pounds of household waste, of which 160 pounds were recycled. In West Germany, on the other hand, less than 44 pounds of the total 660 pounds of per capita household waste were recycled.

Moreover, Sero recycled many more items than its Western recycling counterparts. Not only paper and glass, but also feathers, hair from hair salons, and leather were too precious for the dump.

With the introduction of the market economy in East Germany, however, Sero has found itself in a vicious circle of mounting waste and bankruptcy. While the buy-back depots were a most effective environmental operation, they were not cost-effective: The Sero centers, heavily subsidized with 250 million East German marks every year, can no longer operate economically. Market prices for paper, glass, and scrap have hit rock bottom. In addition, the great variety of Western goods now on sale in East Germany has drastically increased the amount of waste, and the many different types and sizes of tins, bottles, and packages cannot be processed by the old system, with its uniform standards and sizes, paper presses, and cleaning installations. The bottle dilemma is a case in point: Before unification, only two types of beer bottles were available in East Germany. Now there are almost 100.

The growing number of uncontrolled waste dumps in East Germany makes a revival of the Sero principle imperative. The Federal Research Ministry in Bonn has ordered a study, to be completed in September, on how the Sero principle could survive in a market economy. Many envi-

ronmentalists fear that it may come too late to save the Sero centers, however: West German disposable products and waste disposal companies have already pushed their way deep into the East German market. And both are making more money without Sero.

—WANDA MENKE-GLÜCKERT

Immigration Problems

ROME—Italy, traditionally known as the land of *emigrants*, now finds itself confronted for the first time with the opposite problem: The country has been literally invaded by *immigrants* from Northern Africa and Eastern Europe. But, contrary to American practice and experience with immigration, Italy has not been able to adequately control this constant influx and to channel these new arrivals into the Italian job market.

In America, the emigrants who once crowded onto Ellis Island in the hope of finding a better life, were received and registered, and then entered the job stream, beginning with the most humble of occupations. The immigrants who now arrive in Italy, on the other hand, often wind up encamped at traffic intersections, where they try to clean the windshields of motorists waiting for the light to change, or peddle pens and cigarette lighters. Often, their insistence for a few liras causes protests and fights. It is a dangerous situation fraught with tension.

Caught by surprise, the Government has decided to do something it has avoided for 100 years—it has formed an ad hoc Ministry of Emigration. However, rather than dealing with Italian emigrants, whose numbers have consistently declined as the country has become economically more prosperous, the new Ministry must try to resolve the vast immi-

gration problems. This difficult task has fallen on the shoulders of the Socialist Margherita Boniver. She has few means at her disposal: At present, her office consists of only a few rooms in downtown Rome.

Boniver's main difficulty will probably not be the scarcity of means, but rather public opinion's irritation with the immigrants. "Italians, be more tolerant!" is her appeal to the population. Nevertheless, there have been incidents and clashes. In Milan, unionized bus and trolley drivers who, traditionally, have always held politically progressive views, demonstrated against a group of immigrants camped out next to a depot. Interventions by the mayor and union leaders were fruitless, as were calls by journalists and sociologists of latent racism.

The new Minister and her colleagues certainly have their work cut out for them.

—NICCOLO D'AQUINO

Fighting the "Third World" War

BRUSSELS—They speak French, so they are known as the "French doctors."

All over Africa, South America, and Asia, doctors working for the organization *Médecins Sans Frontières* (MSF)—literally "Doctors Without Borders"—are considered French, even though they are Belgian and their mother language is Flemish.

The reason for this erroneous assumption is that MSF was founded in France by well-known doctors like Bernard Kouchner, now France's Secretary for Humanitarian Affairs. Its Belgian offshoot, however, is different in major ways. It acts swiftly and modestly, makes no waves, and is less political and more pragmatic than the group created in France.

MSF-Belgium recently cel-

ebrated its 10th anniversary, when it proudly announced that it has 600 doctors, nurses, and volunteers working in 27 countries around the world. Indeed, in most of these countries, there are now more Belgian doctors than Belgian diplomats. Moreover, many of the latter base their reports on eyewitness accounts of MSF members.

"We are the generation born after World War II," Reginald Moreels, MSF-Belgium's president, said recently. "Our war is the permanent one in the Third World." Moreels practices medicine in his private clinic in Ostend, but spends most of his time at MSF headquarters in Brussels or traveling around the world. For example, when everyone else avoids Liberia, he goes there to alleviate the suffering of its refugees.

Moreels joined MSF-Belgium in November 1980, shortly after its creation. From its founding, MSF has organized missions to Chad, Poland, Afghanistan, Ethiopia, Sudan, the Philippines, Armenia, Iran, and Lebanon. Indeed, the group sends doctors to all places where disaster or famine strike.

MSF-Belgium is unique in one way: It is one of the last organizations in Belgium that has not been forcibly split into Flemish and Walloon sections to appease the country's two main language groups. "Away from Brussels," says Claire Bourgeois, one of MSF's co-founders, "our regional problems matter very little. We work with everybody, whatever their race or faith. To a certain point, Belgium's agenda of regionalization would act against our charter."

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Up to 300,000 Belgians contribute to MSF operations each year, providing 48 percent of its revenues. Based in Brussels, MSF also receives considerable money from, and cooperates on projects with, the E.C.; for example, MSF's small emergency unit coordinated the E.C.'s recent operation to aid the Kurds.

MSF's rapid growth worries some of its senior members, who fear that the organization has grown too fast. They fear that its spirit could vanish, only to yield to a big organization—with plenty of money and red tape—but no ability to react quickly.

—CHRISTOPHE LAMFALUSSY

Commemorating the Battle of Crete

ATHENS—Fifty years ago, after one of the fiercest battles of World War II, the island of Crete was captured by German paratroopers, who were backed by alpine soldiers. Although the fighting lasted only 10 days, irregulars from Crete joined British, Australian, New Zealand, and Greek forces in a no-holds-barred defense of their homeland that killed over 8,000 people. During commemorative events at the end of May, the resistance hero and lifelong philhellene Patrick Leigh-Fermor called it the "...Battle of Crete, from which none of us has yet quite recovered."

The 50th anniversary reached its climax when the Duke of Kent and German Chancellor Helmut Kohl together paid their respects to some 1,500 Allied servicemen buried at the Sude Bay War Cemetery near Chania, one of Crete's largest cities, in the northwest of the island. But for hundreds of 70-year-old veterans on both sides, it was a week of wreath-laying, unveiling of memorials, tributes to the fallen, and often tearful



Survivors from both sides of World War II attended events in late May to commemorate the soldiers and civilians who fell in the Battle of Crete in 1941.

reunions.

The irony is that Crete need never have been lost. "The Germans thought it would be a pushover, and were shocked by the resistance," said Roy Farran, then a British lieutenant in charge of three tanks. "If we'd held out for another two days, they would have quit." German ex-paratrooper Willy Wolko agreed. Meeting one of Farran's surviving drivers for the first time, he asked him incredulously: "Why didn't your tanks and infantry push us back into the sea?"

Historians confirm that German losses in the early fighting were so heavy that a counterattack would have succeeded. But Maleme airfield, west of Chania, and the strategic Hill 107 overlooking it were prematurely abandoned because the Allied battalion commander thought his forward companies had already withdrawn when, in fact, they

were holding their positions. Former Squadron Leader Edward Howell, wounded on Hill 107, blames the complete lack of communications: "Nobody knew what was going on in front of him, and nobody could communicate with those behind him."

But there were also planning blunders on both sides. The Allied commander, Major-General Bernard Freyberg, misread intelligence signals and prepared for a seaborne invasion, while airfield runways were not destroyed to delay the landing of reinforcements. German paratroopers were inexplicably told to expect a friendly welcome from the civilians of Crete; the severity of German losses ensured that Hitler never again attempted a similar operation.

The vigorous role played by irregulars from Crete still rankles German veterans. "We did not know that civilians

would take part in the fighting," complained ex-paratrooper Walter Riehle. "We were not told. They would not have been harmed otherwise."

The people of Crete continued to resist throughout the three-year occupation, and faced savage reprisals as a result. Yet today, due in large part to postwar emigration to Germany and, later, the more welcome invasion of German tourists, the people of Crete are remarkably free of bitterness. During a service at the German Military Cemetery on Hill 107, Kohl stressed the theme of reconciliation, in which "the enemies of the past have long since become partners, allies, and friends." But, referring to the suffering of the people of Crete under occupation, he added in contribution: "We Germans shall remember this injustice for ever."

—PETER THOMPSON

A Case of Fine-Pruning

MADRID—When Spanish Prime Minister Felipe González visited Japan last month, he combined a private hobby with high-level diplomacy. In his role as statesman, he spent much of his time trying to convince Japanese Government and industry officials to open the country to Spanish products; as a private individual, he cultivated a very Japanese passion. Accompanied by his wife, Parliament Deputy Carmen Romero, González spent a weekend studying bonsai—the art of growing miniature trees—with Japan's foremost specialists.

González' attachment to the trees began with a gift by an official Japanese delegation a few years ago. Since then, he has expanded his collection to include dozens of bonsais, which he proudly shows off to foreign reporters at his Moncloa Palace residence.

Spanish columnists and cartoonists have used the Prime Minister's exotic hobby as the butt of jokes, and his decision to spend two of his five days in Japan watching others prune the little trees set off a new wave of light hearted criticism.

While the press gleefully chided González for what many viewed as an indulgence, his political opponents said his policies would lead to a shrinking "bonsai economy." But the Prime Minister insisted that his hobby could reap benefits for Spain since it showed appreciation for things Japanese. And some Japanese officials seemed to back up that assertion. The head of Japan's Chamber of Commerce called González "the E.C. Head of Government who knows our culture best."

Still, it will take more than kind words to narrow Spain's 331-billion-peseta (\$3 billion) trade deficit with Japan. And Japanese investment in Spain has cooled after an initial

surge when Spain joined the E.C. in 1986. Despite the presence in Spain of multinationals like Sony and Fujitsu, Spain ranks only fifth among E.C. countries in attracting Japanese money and industry.

Spanish officials hope investment picks up again next year, when Barcelona holds the Olympic Games and Seville hosts the Universal Exposition. González, meanwhile, supplemented his pruning with some straightforward requests that Japan lower its trade barriers for certain Spanish products.

—RICHARD LORANT

Political Skeletons

LISBON—Almost 11 years ago, on the eve of a crucial nationwide presidential election, a small twin-engined Cessna, carrying only a handful of passengers, crashed moments after takeoff from Lisbon airport.

In the charred and twisted wreckage strewn around the perimeter that Dececeember 4, 1980, lay some of Portugal's most important political figures—the then Social Democratic Prime Minister, Francisco Sa Carneiro, his long-time companion, Danish-born publisher Snu Abecassiss, and the deputy leader of the smaller Christian Democratic party, Adelino Amaro da Costa.

Their deaths dramatically changed the course of domestic politics and undermined efforts by the Sa Carneiro-led Democratic Alliance Government (a coalition of Social Democrats, Christian Democrats, and Monarchists) to get their presidential candidate elected four days later.

Sa Carneiro had been Portugal's first postrevolutionary Prime Minister to forge a firm and workable three-party alliance. His Government aimed primarily at rolling back socialism, bipolarizing party

politics, and ending the wearying circle of unstable stop-and-go administrations that had characterized Portugal's post-1974 post-revolutionary governments.

Sa Carneiro argued that such a strategy could only succeed if a candidate of his choice occupied the country's presidency. His choice was an obscure far-right army general, Antonio Soares Carneiro (no relation) with unfortunate associations to the deposed fascist regime—a bizarre and controversial option that few politicians were able to rationalize. In a press briefing only two hours before the plane crash, Sa Carneiro told me: "I will either win this battle or withdraw completely from politics." As it was, he did neither, but his desperate effort almost seemed a death wish.

Many were convinced that the crash was sabotage, and the series of inconclusive inquiries that followed merely served to compound that suspicion. The first inquest—long and drawn out—proved virtually nothing. A forensics and bomb explosion expert brought from the United Kingdom assured foreign journalists that the accident provided no signs of deliberate sabotage.

Months later, after a parliamentary outcry, a second and more rigorous inquiry opened, but, again, nothing was proved.

Inquiry followed inquiry until late last May, when an all-party parliamentary commission into the affair handed down a majority opinion proving sabotage. It offered no clues as to who had been responsible, but ordered that those police and legal authorities responsible for the initial inquiry be severely reprimanded. Lawyers for the families involved announced that they would sue the state for damages.

The campaign for clarifica-

tion had been led, against all obstacles, by one man, Augusto Cid, a well-known national cartoonist and author. In a series of single-handed investigations and articles, he finally persuaded parliamentarians that there was a case to answer. One commentator noted that, to expunge the memory of this major bureaucratic bungle, the state should indemnify bereaved families and severely castigate those responsible for the original investigations.

—KEN POTTINGER

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E.C. NEWS

BUSINESS

E.C.'S POSTAL MARKET TO BECOME MORE COMPETITIVE

E.C. Competition Commissioner Sir Leon Brittan said in June that the E.C. could no longer tolerate attempts by national postal administrations to "kill off" competition from private firms.

Brittan has said that, with the arrival of private express freight firms, which provide high-quality services in a competitive environment, the postal monopolies have lost their *raison d'être*, namely controlling information for governments and ensuring cheap universal delivery services.

The Commissioner announced that he had started action against postal administrations in several European countries to prevent them from restricting competition from private courier firms. In addition, the Commission is looking at the industry's potential in post-1992 Europe.

Brittan confirmed that the views of private freight and mail businesses would be taken into account.



EUROPEAN AFFAIRS

POSITIONS COVERGE ON POLITICAL AND MONETARY UNION

The opposing positions initially held by member states at the beginning of the intergovernmental conference on political and economic union (IGC) are beginning to converge: The United Kingdom is now more willingly accepting further steps toward economic, monetary, and political integration. Germany and, to a lesser degree, France, are being more cautious in introducing a defense component into the E.C.'s future Common Foreign and Security Policy (CFSP).

On economic and monetary union (EMU), British Prime Minister John Major now appears willing to accept a proposal by E.C. Commission President Jacques Delors that calls on the United Kingdom to agree to treaty changes

needed to initiate EMU but would delay the country's participation until approved by the British Parliament.

At the same time, German Chancellor Helmut Kohl has called for a delay in setting up the EuroFed, Europe's central bank, currently scheduled to begin operation in 1994.

Pöhl once said that the emu (the bird) has two main characteristics—it can only move forward and it cannot fly. Those same characteristics seem to apply to the two IGCs: At this stage, EMU is bound to continue moving forward—even if it does not (yet) fly.

EUROPEAN COURT APPROVES MAJORITY VOTING ON ENVIRONMENTAL ISSUES

The European Court of Justice recently supported the E.C. Commission's call to introduce majority voting in the Council of Ministers on certain environmental issues.

The Commission argues that environmental measures often have such important implications for industrial competition that they should be treated in the same way as the measures enforcing the single market—by a qualified majority vote, as enshrined in Article 100A of the E.C.'s Founding Treaty of Rome.

The Council of Ministers, on the other hand, had argued that the directive under dispute—regulating pollution from titanium dioxide plants to the environment—was a purely environmental issue that should, consequently, require unanimity for enactment.

This key decision will strengthen the Commission's hand in future cases in which it considers that the environmental impact of a decision warrants the application of Article 100A.

SWEDEN APPLIES FOR E.C. MEMBERSHIP

On July 1, in what Swedish Prime Minister Ingvar Carlsson called "the most important government declaration of the century," Sweden formally applied to join the European Community, a step that a 177-year-old neutrality policy had, until now, kept Sweden from seeking membership. However, the end of the cold war, a general slowdown of the Swedish economy, and the

fear of becoming locked out of the E.C.'s single market, reversed that position.

Sweden has already taken several steps toward E.C. membership. Since more than half of Sweden's foreign trade is already destined for the E.C., the Swedish Government linked the Swedish currency, the crown, to the European Currency Unit in May. As a member of the European Free Trade Association, which is currently in the final negotiating stages with the E.C. on the creation of a European Economic Area, Sweden has already agreed to about 60 percent of the legal changes necessary for E.C. membership.

The document announcing the country's application did not include any conditions on neutrality.

DEFENSE

NATO RESTRUCTURES FOR THE POST-COLD- WAR ERA

In late May, NATO Defense Ministers decided in Brussels to revamp their alliance to adapt to the new security needs of post-cold-war Europe and to provide an increased role for Europeans within NATO.

The centerpiece of the "new" NATO will be a British-led rapid reaction corps. This force will include 50,000 to 70,000 multinational troops from the Netherlands, Germany, Belgium, the United Kingdom, Italy, Greece, Spain, and possibly Turkey.

Since the emphasis of the defense alliance has shifted from readiness to counter a massive Soviet conventional

offensive to potential attacks by lesser powers and ethnic unrest in Eastern Europe, crisis management and rapid mobility have become more important than sheer numbers. Accordingly, U.S. forces in Europe could be cut by 50 percent and the British Army's three armored divisions could be cut to one.

Further restructuring, including a major overhaul of the NATO command structure and a reduction of land-based nuclear weapons currently stationed in Europe, is under way. Such developments will facilitate the emergence of a European defense identity in close partnership with America.

NATO officials have expressed their support for a new multipolar security structure in Europe, for a European defense role, and for the Conference on Security and Cooperation in Europe as a promoter of East-West relations.

Although only operations within the traditional NATO area were discussed at the latest meeting, it is likely that, if NATO countries agree to future treaty changes, the rapid reaction corps could be used in out-of-NATO-area crises.

FOREIGN TRADE

E.C., JAPAN TRY TO RESOLVE TRADE ISSUES

During his May visit to Japan, E.C. Commission President Jacques Delors warned that, unless Japan's trade surplus with the E.C. reverses its recent surge, European public opinion could turn against Japan. Moreover, if the figure rises above \$30 billion in 1991, it would strengthen European support to block

Japanese business activities.

The E.C.'s trade deficit with Japan rose to just under \$10 billion in the first four months of 1991, up 63 percent, or \$6.1 billion, from the same period last year. Delors said the Commission was seriously concerned about this deficit, which has now reached an "intolerable size."

Delors stopped short of threatening retaliation, however, saying that he and Japanese Prime Minister Toshiki Kaifu had agreed to establish a high-level task force to examine areas of political cooperation and to prepare a common declaration. The text of the declaration is the subject of tough negotiations. Tokyo is trying to stress its political content, while Brussels seeks commitments to improve economic relations, including cutting Japan's trade surplus with the Community.

Replying to Delors' comments on Japanese trade policy, Kaifu said Japan was the third-largest importer of E.C. goods, that E.C. imports had increased sharply since 1986, and that Japanese direct investment had created 124,000 jobs in Europe.

Nihon Keizai Shimbun, Japan's top economic newspaper, praised Delors for trying to avoid trade friction on his visit.

FINANCE

SCHLESINGER NAMED NEW BUNDESBANK CHIEF

Helmut Schlesinger, a resolute defender of conservative monetary policies, was appointed in June to succeed Karl Otto Pöhl at the Bundesbank for a two-year term. Pöhl had led the Bundesbank for

over 10 years, and was a major player in the E.C.'s move toward economic and monetary union.

Pöhl, a member of the Social Democratic Party, helped the German mark become a standard of stability in the E.C.'s European Monetary System. In the context of economic and monetary union, (EMU), he opposed a hasty switch to a European currency and the premature formation of a common European central bank. During German unification, Pöhl strongly favored a conservative approach to join the East and West German economies.

Policy is unlikely to change under Schlesinger, 66, who joined the Bundesbank in 1952 and has been deputy president since 1979. Although more reserved in public than the often convivial Pöhl, Schlesinger still carries the message that German Chancellor Helmut Kohl supports: excessive monetary growth is a recipe for inflation, and inflation is the route to economic disaster.

While Pöhl was seen as a pragmatic internationalist, Schlesinger is considered a domestic hard-liner. His uncompromising stance on inflation has led to disagreements with U.S. authorities on the subject. In 1987, the United States complained bitterly when Schlesinger urged the Bundesbank to boost interest rates in an effort to rein in money-supply growth.

Furthermore, his nomination may cause concern among Germany's European allies, who worry that Germany has grown less responsive to interest-rate initiatives by the G-7 industrial nations, or to calls for quicker movement toward European monetary union.

Bundesbank Director Hans Tietmeyer will succeed Schlesinger in 1993. Until then, Tietmeyer will serve as vice president.

BOOKS in REVIEW

REAGAN AND THATCHER. By Geoffrey Smith. Norton, New York. 285 pages. \$22.95

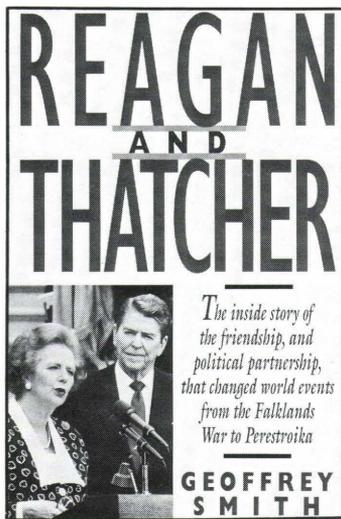
The popularity polls and historical ratings of most Western political leaders usually hit their low points in the first few years of their leaving office, when they must drift about in tides of favorable publicity about their successors. At the moment, in their respective countries, Ronald Reagan and Margaret Thatcher are on that downslide, but the analysis of their relationship by British journalist Geoffrey Smith is a useful reminder of just how they dominated their decade and how their legacy pervades the next.

Reporters and most of their readers and viewers are invariably curious about the effect of personal relationships on politics, and sometimes are prone to confusing atmospherics with substance, especially at summit meetings. Political scientists and academics often go too far the other way in subordinating personality to policy. Smith's book, based almost exclusively on interviews with political players on both sides of the Atlantic, seems to get the balance exactly right.

As Smith confirms, the Reagan-Thatcher relationship had more consequences for policy than did the friendship between John F. Kennedy and Harold Macmillan, and was a stronger personal and ideological kinship than the one established between Franklin D. Roosevelt and Winston Churchill. But it was in few ways a relationship of equals. Thatcher would not have tolerated someone of Reagan's intellect, work habits, and passivity in her own cabinet. As much as they shared conservative, free-market, and limited government beliefs since their first warm encounter in 1975, their relationship as government leaders was, for Thatcher, an act of pure calculation.

The strength of Smith's book is his detailed analysis of how effectively she used that relationship in numerous international and political crises—and how it paid off for her. Smith describes, for example, how she was able to influence debates and decisions in an often divided U.S. Administration. Her own enthusiastic embrace of Mikhail Gorbachev especially helped push Reagan toward a more accommodating policy toward the Soviet leader.

Smith's book probably should be required reading for unelected officials on both sides of the Atlantic who often fail to appreciate the interplay between domestic politics and diplomacy. That interplay bounces off almost every page, most obviously in the recounting of the Falklands story but also more subtly between Thatcher's support of the 1986 Libyan bombing and subsequent U.S. Senate ratification of



the treaty allowing extradition of IRA terrorists to Britain. For insiders, it also provides interesting anecdotal information about how an effective embassy (the British in Washington) can influence policy.

Smith is particularly useful in describing how Thatcher would decide which issues she could or could not push with Reagan. The author discloses that British intelligence knew of the Iran-Contra scandal early on (by bugging the December 1985 meeting between Robert McFarlane, Oliver North, and an Iranian go-between), but says that Thatcher held her cards and maintained her loyalty even as the British Government was being misled about the secret arms-for-hostages maneuverings that undermined their publicly proclaimed joint stand against terrorism.

As Smith acknowledges, it is highly unlikely that the Thatcher-Reagan combination of personal chemistry and synchronous policies will ever be repeated. Emotionally, they were bonded by their World War II memories. It also is highly unlikely that any future prime minister will pursue an Atlantic policy at the expense of a European policy as much as Thatcher appeared to do.

Even so, among nations, Britain has a singular relationship with the United States, and as Smith asserts, it will remain in Britain's political interests to have a special relationship with the world's greatest superpower. As in the Thatcher-Reagan relationship, purely political calculations will push policy in a direction the heart probably wants to go anyway.

—Michael D. Mosettig is senior producer for foreign affairs and defense at the MacNeil/Lehrer NewsHour.

BRITAIN IN THE EUROPEAN COMMUNITY. Michael Franklin with Marc Wilke. Council on Foreign Relations Press, New York. 133 pages. \$14.95

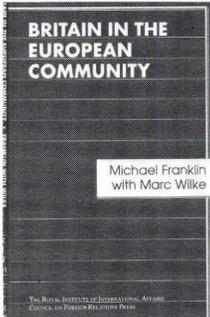
Historically, Britain has not played a leadership role commensurate with its size within the European Community. In 11 concise chapters, Michael Franklin, former head of the European Secretariat of the Cabinet Office in London, explores the roots of Britain's sometimes reluctant role in the E.C. and outlines possible changes that could improve Britain's position in the future.

In explaining Britain's relationship with the E.C., Franklin notes that, throughout its association with the E.C., Britain has been more concerned with cultivating its ties across the Atlantic than with the Continent. Now, as the United States is encouraging Britain to become more active in the Community, this practice is slowly changing. Another thorn in the side of good British-E.C. relations was Britain's fear of losing sovereignty. This brought out an intractable attitude that eventually harmed its E.C. relations.

Although Britain has been exemplary, and leads most other E.C. countries in implementing Community legislation, it still retains a negative reputation because of its initial posturing and rhetoric against E.C. legislation. Franklin is hopeful, however, that the recent change in government and the upswing of public opinion toward the E.C. will allow Britain

to assume a leading role in the Community.

By presenting in detail certain crucial issues, such as the debates over "deepening versus widening," political cooperation, environmental policy, regional disparities, and economic and monetary union (EMU), Franklin argues that Britain's only realistic choice is to change its stance to enable it to actually help shape agreements with far-reaching consequences for itself and the European Community.



Franklin's study comes at a particularly crucial time in British politics and in the run-up to the single market: An administration more favorable to economic and political integration has come into power under Prime Minister John Major, and the intergovernmental conferences on political union and EMU, which started last December, will have far-reaching consequences for Britain as well as its

Continental partners.

Although at times *Britain in the European Community* reads like a textbook, Franklin's paper looks at Britain's situation with candor and offers ambitious and useful proposals. The author intends his suggestions to be used as an action guide for the British Government to act most effectively to truly benefit from integration. Given the trends in British policy, some of the ideas put forth in the study may seem overly ambitious, but they are carefully thought out and, finally, plausible. Franklin's long-term vision will help Britain to rethink its position on many important E.C. issues. For anyone interested in Britain's unique role in the European Community, this is an important book to read.

—Meera Shankar is a former editorial intern at Europe.

WHY GORBACHEV HAPPENED: HIS TRIUMPHS AND FAILURES.

By Robert G. Kaiser. *Simon & Schuster, New York. 476 pages. \$24.95*

At a time when the world is closely watching Mikhail Gorbachev's sales pitch to the West for economic aid, Robert Kaiser, a former Moscow correspondent for *The Washington Post*, has written a book that chronicles the Soviet leader's meteoric rise and his first five-and-a-half years in power.

Kaiser writes for the curious reader with a basic interest in recent events in the Soviet Union. At the beginning he issues the challenge, "Give me a weekend or a few evenings by the fire, and I will try to give you a graspable explanation of these most amazing historical events."

He is true to his word. From Mikhail Sergeyeovich Gorbachev's peasant roots and his days at the prestigious Moscow State University to his early years as a party *apparatchik* and his ascent to the top of the Politburo, the first 100 pages teem with the seeds of legend. Gorbachev accomplished what no one had been effectively able to do in over 50 years: to end the legacy of Stalin.

Gorbachev's peasant childhood during the Stalin era clearly provided the motivation for his reforms, but Kaiser credits Gorbachev's student days in Moscow as especially important in shaping the Communist Party's future General Secretary. As a law student, he had access to a variety of foreign books on politics and philosophy, including the U.S. Constitution, and works by Jean-Jacques Rousseau, Thomas Hobbes, Thomas

Aquinas, and Niccolò Machiavelli.

Gorbachev was also one of a very few students assigned a foreign roommate. Zdenek Mlynar, a Czech who later participated in the reformist Prague Spring of 1968, was his first contact with a foreigner and introduced him to many new philosophies and ideas not available to a young Russian. Classmates remember him as intensely interested in current affairs, a difficult preoccupation for anyone in the Soviet Union at the end of Stalin's rule.

Kaiser's story changes tone with Gorbachev's rise to power: Although dazzling the free world with his new exciting domestic policies, *glasnost* (openness) and *perestroika* (restructuring), the living standards of the Soviet people still lacked the promised improvement. At a critical time in the Soviet Union's development, the new leader's astounding initial potential and momentum seemed to have evaporated.

Kaiser writes that Gorbachev has lacked the ability and, more importantly, the vision to effectively lead the Soviet Union beyond the end of Stalinism toward a workable economy and social stability. He suggests that the Soviet leader seems to have thought that Stalinism alone had prevented Lenin's theories on communism from working. However, his campaign to dig away the layers of Stalinism to return to Lenin has only revealed a 19th-century plow when a 21st-century tractor is really needed.

Gorbachev's costliest misstep seems to be the ethnic unrest and its aftermath. Kaiser writes: "[The Gorbachev era] ended with the shooting and clubbing in Vilnius, but that was a manifestation of Gorbachev's inability to go beyond the dismantling of Stalinism to the creation of something new and successful to replace it. Dismantling the old was an enormous accomplishment, but it was quite literally not enough."

Kaiser concludes that, although Gorbachev probably will not be the leader who removes communism from his country, he is certain to be remembered as the leader who spawned those individuals who will do so. This, the author notes, is in itself a heroic achievement.

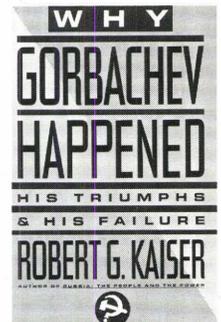
The reader is constantly reminded that the book is an outsider's perspective. Even with *glasnost*, much of what happens inside the Kremlin remains secret, forcing the author to gather much of his information from a vast network of second- and third-hand sources. Still, it is a carefully written account of a truly amazing turn of events.

—Peter Gwin is an editorial intern at Europe.

For those of you who have not yet finalized your travel plans, here is a list of worthwhile travel guides that may help you to plan your trip—or finalize it.

INTERNATIONAL HERALD TRIBUNE: GUIDE TO BUSINESS TRAVEL/EUROPE. By Alan Tillier and Roger Beardwood. *Passport Books, Chicago, 1989.*

As its title clearly states, this guide is written for the business traveler. So while it may not always focus on the best value for a buck, it does contain much useful information both for



business and non-business travelers.

The book includes helpful tips on overcoming communication and other local travel barriers that can often hinder a successful business trip. It also supplies such potentially vital information as secretarial and translation services, important local business telephone numbers, and, of course, currency and shopping tips.

This guide will also help any traveler to avoid such problems as noisy and uncomfortable hotels that fail to pass on messages, crowded and/or overpriced restaurants, schedules that can't be kept, and social blunders that could threaten business relationships.

This travel guide is light on fluff and heavy on substance. Since many of the correspondents for this book live and work in Europe, this guide, perhaps more than others, provides the reader with meaningful and truly helpful first-hand information drawn from experience.

MANSTON'S EUROPE '90. By Peter Manston. *Travel Key Guide Publications, Sacramento, CA, 1990.*

This guide is designed to answer painfully practical yet often necessary questions: How do you make a telephone call? Do your laundry? Find a toilet?

The book's practical information, not found in most other guides, is presented in a refreshingly straightforward and concise manner. The subject matter is specific and useful. Detailed answers are provided to innumerable questions. For example, how do you get around on public transportation? Read *Manston's*, and you'll find out about every possible mode of transportation, from trains in Copenhagen to water-taxis in Venice.

This guide doesn't tell you where to go to have a good time; rather, it gives you the functional tools to do it, so that those things that are everyday events at home will not become major setbacks abroad.

LET'S BLOW THRU EUROPE. By Thomas Neenan and Greg Hancock. *Mustang Publishing, New Haven, CT, 1989.*

Watch out! Here comes total irreverence and satirical humor at its best. This very often hysterical near-spoof of a travel guide sheds all the preconceived notions of what a trip to and through Europe should be. As the authors take you on a hilarious tornado of a tour through 14 European cities, they poke fun at just about everything the "stuffy" guidebooks hold sacred.

If you haven't already guessed, this book is not for the meek, timid, or, dare we say it, serious traveler. It is for those who want to blast through Europe at 100 miles and a few beers an hour.

Seriously, this book is funny. There may be those more traditional travelers who may not appreciate the seemingly sophomoric humor, but this book will keep a great many laughing out loud while riding on the trains in Europe. That is, of course, if you can stop yourself from putting it down before you leave.

22 DAYS IN FRANCE: THE ITINERARY PLANNER. By Rick Steves and Steve Smith. *John Muir Publications, Santa Fe, N.M., 1989*

From the man whose popular television series, "Travels in

Europe," is currently on public television's airwaves, comes this guide, designed for those travelers who enjoy a combination of history and easy reading in their guidebooks. As the title suggests, this itinerary planner takes you through France by train, car, and/or bicycle in 22 days.

There is a suggested schedule for each day, followed by specific advice on transportation, accommodation, and sight-seeing highlights. The number of interesting out-of-the-way leisure spots included is impressive, ranging from bullfights in Arles to touring prehistoric caves in the Dordogne Valley. The author definitely has a preference for the many historical sights throughout France and offers a taste of each with brief descriptions.

Travelers interested in France's rich history will enjoy this book both for its practicality and readability.

—Peter Wilson is a former editorial intern at Europe.

THE BEST PUBS OF GREAT BRITAIN. Edited by Neil Hanson. *The Globe Pequot Press, Chester, CT, 1989. \$11.95.*

For many travelers to the United Kingdom, no trip is complete without several visits to "the local." And no work is more slavishly dedicated to further that end than *The Best Pubs of Britain*.

The book starts out appropriately with an interesting "For Yankees Only" section. It is quite comprehensive, listing hundreds of pubs from Avon to West Yorkshire in England, and dozens in Scotland, Wales, and Northern Ireland. The book's lovely bias to independent breweries is made clear by the 19-page listing it devotes to them, versus the scant six pages that list the "voracious eight" major national brewers.

The stories and articles at the outset and the comprehensive, informative listings make this work as vital to those interested in British pubs as Michelin's classic Red Guide is to the gourmet visiting France.

—Bob Bassman is a freelance writer in Washington, D.C.

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Standardization in Information Technology and Telecommunications. *Commission, Brussels, 1990, 100 pages.* Collection of fact sheets on standardization, conformance testing, certification, public procurement, and standards organizations. Compilation of EC rules. **Free**

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The Economic and Social Committee of the European Communities. *Economic and Social Committee, Brussels, 1990, 36 pages.* Description of the organization and role of the Committee. **Free**

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Harmonization of Company Law in the European Community: Measures Adopted and Proposed (Situation as of 1 October 1990). *Commission, Brussels, 1990, 345 pages.* Presents measures adopted and proposed in order to reconcile company laws within the Community. Brief descriptions and document numbers follow all directives, regulations, and proposals. **\$69.00**

European Community Policy in the Audiovisual field. *Commission, Brussels, 1990, 110 pages.* Presents texts underpinning the Community's Audiovisual policy. This book contains the basic policy declarations made by Rhodes, Madrid, and Strasbourg European Councils. It also analyzes the audiovisual market in the Community and describes measures that will be undertaken under three headings: the rules of the game, technology, and the promotion of the program industry. Contains nine legal and political texts. **\$23.00**

The Effect of Different State Aid Measures on Intra-Community Competition. *Commission, Brussels, 1990, 174 pages.* Part of a program of studies

on how the competitive process in the EC's economy functions. Contains eight chapters, an introduction, and a history of state aid in Europe. Also provides regional aid questions for cost benefit analysis. Recommendations and detailed conclusions accompany each measure. Tables and appendix are also included. **\$26.00**

European Educational Policy Statements: Supplement to the Third Edition. *Council, Brussels, 1990, 18 pages.* Examines different aspects of the European educational policy statements, discussing topics such as technological change and social adjustment, teaching foreign languages, schemes relating to the education of migrant workers' children, integration of handicapped children into ordinary schools, and measures to combat illiteracy. **\$13.50**

Energy 1960-1988. *Statistical Office, Luxembourg, 1990, 172 pages.* A statistical comparison of trends in energy consumption and needs. As a result of increases in energy use in the 1960s, two major energy crises (1973 and 1980), and the fall of oil prices in the mid 1980s, energy usage has varied greatly. Contains significant aggregates for charting energy trends taken from the "SIRENE", a database instrumental in developing Community energy policy. **\$12.50**

The Accounting Harmonization in the European Communities. *Commission, Brussels, 1990, 34 pages.* Deals exclusively with problems of applying the fourth directive to the annual accounts of companies categorized as having limited status. Chapters cover general provisions, layout of the balance sheet, layout of the profit and loss account, valuation rules, and contents of notes on the accounts. **\$8.50**

Environment Statistics 1989. *Statistical Office, Luxembourg, 1990, 162 pages.* Presents environment statistics grouped into the following sections: basic indicators, data on population and land use, energy, air, water, and the flow of material. Sections are grouped according to particular resource or material. Other sections examine conservation and survey public opinion on environmental issues. **\$5.00**

External Trade Statistical Yearbook. *Statistical Office, Luxembourg, 1990, 172 pages.* A comprehensive overview of the EC's external trade statistics. Contains commentary and graphs depicting the latest trends and includes data on trade since 1958. Also contains information on the EC position in world trade compared to that of its partners. **\$15.00**

Demographic Statistics 1990. *Statistical Office, Luxembourg, 1990, 248 pages.* Provides statistics that arise most frequently within the services of the Commission. Tables are based on returns provided by the National Statistical Services and on National Publications. Data are presented by tables for each country preceded by Community totals. **\$23.00**

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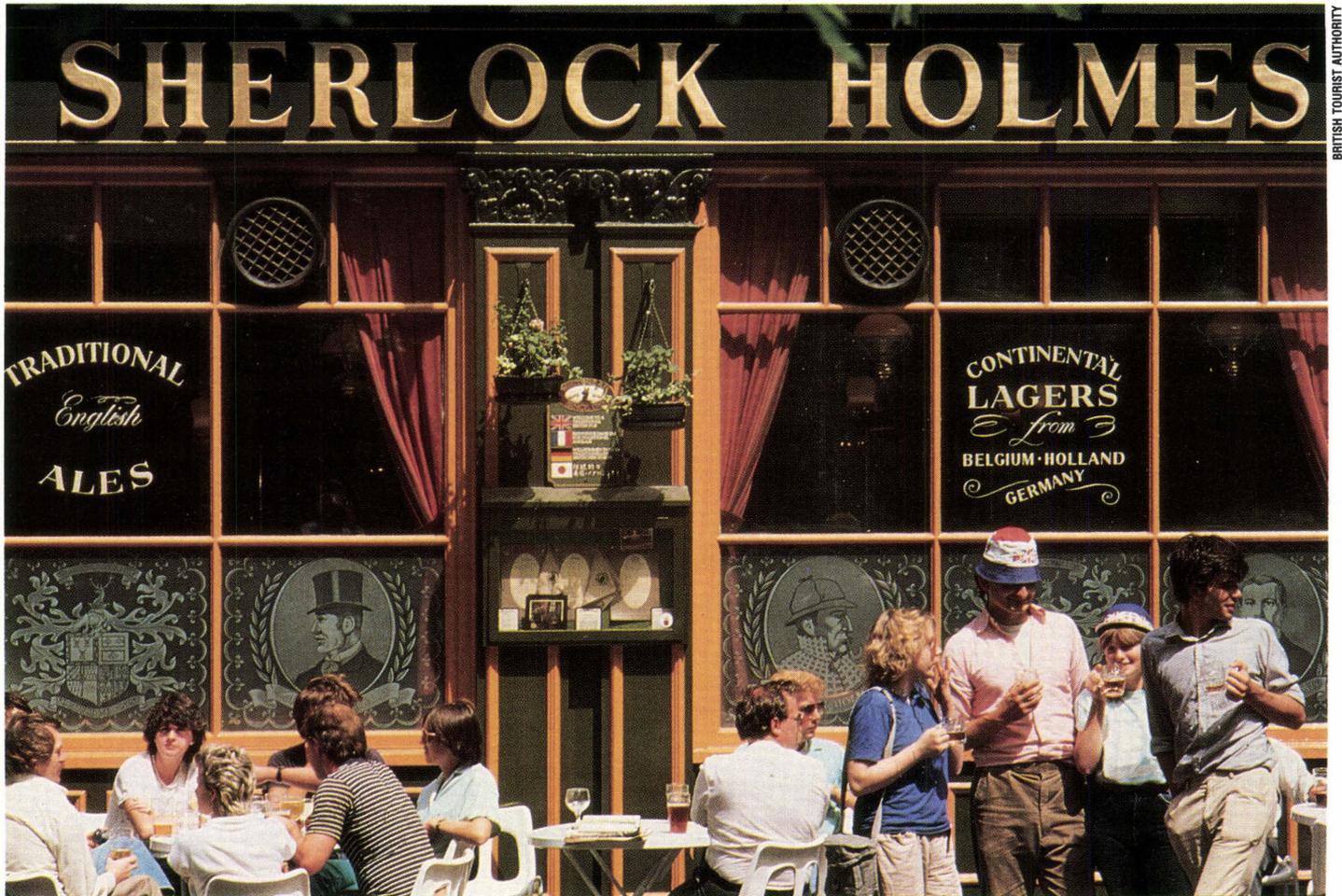
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The Great British Pub

Like parliamentary democracy and the monarchy, the pub is also a well-known British institution. The pub, the modern-day descendant of the medieval tavern, is more than a regular bar, however; it has atmosphere and traditions, and is a place where “the locals” can socialize over a pint of the local “brew.”



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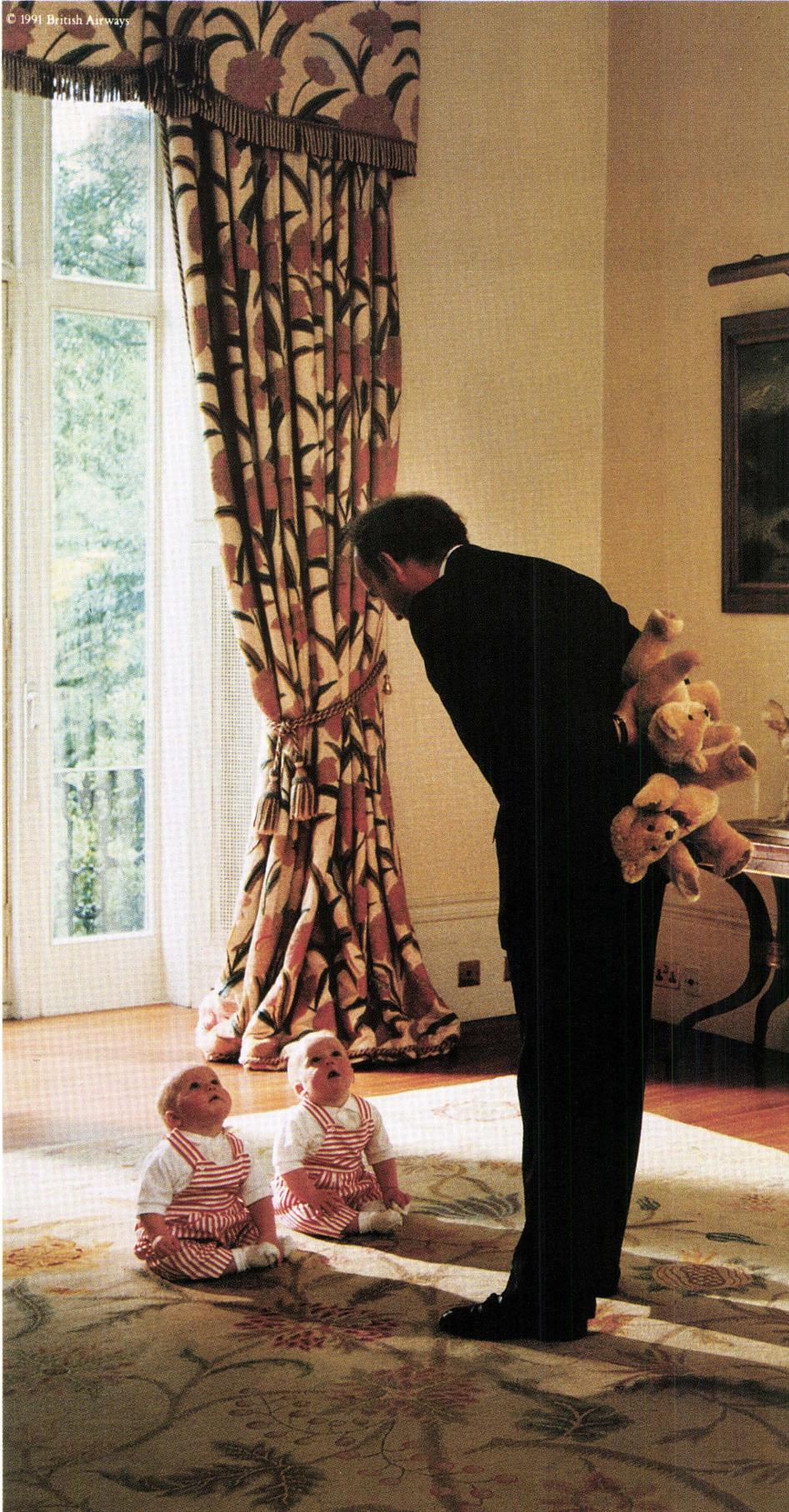
in closing . . .

Many pubs have two bars: The Lounge tends to be more comfortable and relaxed, while the Saloon is usually the livelier part of the pub, where such games as darts, billiards, and skittles are played. Pub fare ranges from crisps (potato chips) to such traditional dishes as ploughman’s lunch or steak-and-kidney pie.

Pubs often have a theme—the “Sherlock Holmes” is a classic example. Located on Northumberland Street, London, it is a popular haunt for fans of Sir Arthur Conan Doyle’s famous detective.

Whatever the pub’s theme, the patrons share a common motto: “Eat, drink, and be merry.”—Cheers!

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